

Timber Trails Community Association, Inc.
Financial Statements
December 31, 2024 and 2023

Timber Trails Community Association, Inc.
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December 31, 2024 and 2023

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Independent Auditors' Report

**To the Board of Directors and Lot Owners of
Timber Trails Community Association, Inc.**

Opinion

We have audited the accompanying financial statements of Timber Trails Community Association, Inc. (the "Association") which comprise the balance sheet as of December 31, 2024 and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and the related Notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board and Management's ("Management") Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
3. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Report on Summarized Comparative Information

We have previously audited the Association's December 31, 2023 financial statements and our report dated August 9, 2024, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on pages 15 and 16 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with their responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 17 and 18 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, and except for the portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



East Brunswick, New Jersey

July 21, 2025

Timber Trails Community Association, Inc.
Balance Sheets
December 31, 2024 and 2023

	2024			2023 Total	
	Total	Operating Fund	Contingency Fund		Replacement Fund
Assets					
Cash and cash equivalents	\$ 319,657	\$ 132,381	\$ 102,546	\$ 84,730	\$ 375,857
Members' assessments receivables, net	8,358	8,358	-	-	5,094
Building, equipment and roads, net	573,821	573,821	-	-	293,084
Total Assets	\$ 901,836	\$ 714,560	\$ 102,546	\$ 84,730	\$ 674,035
Liabilities and Fund Balances					
Liabilities					
Accounts payable and accrued expenses	\$ 2,472	\$ 2,472	\$ -	\$ -	\$ -
Due to Lake Naomi Club	168,009	168,009	-	-	126,324
Total Liabilities	170,481	170,481	-	-	126,324
Fund Balances	731,355	544,079	102,546	84,730	547,711
Total Liabilities and Fund Balances	\$ 901,836	\$ 714,560	\$ 102,546	\$ 84,730	\$ 674,035

The accompanying notes are an integral part of these financial statements.

Timber Trails Community Association, Inc.
Statements of Revenues, Expenses and Changes in Fund Balances
For the Years Ended December 31, 2024 and 2023

	2024			2023	
	Total	Operating Fund	Contingency Fund	Replacement Fund	Total
Revenues					
Members' assessments, net	\$ 1,351,074	\$ 1,142,074	\$ -	\$ 209,000	\$ 1,292,442
Dispatch income	41,284	41,284	-	-	38,354
Miscellaneous income	7,360	7,360	-	-	5,405
Finance charges and fines	5,541	5,541	-	-	2,981
Interest income	4,438	1,749	1,206	1,483	1,044
Rental income	1,350	1,350	-	-	2,400
Special assessment income - gate improvements	25	25	-	-	12,875
Total Revenues	1,411,072	1,199,383	1,206	210,483	1,355,501
Expenses					
Contractual expenses with Lake Naomi Club	539,128	539,128	-	-	507,215
Lake Naomi Club Capital Reserve Fund contributions	202,073	202,073	-	-	200,596
Maintenance	293,690	293,690	-	-	307,489
General and administrative	127,427	127,427	-	-	132,818
Speed monitors	8,199	-	8,199	-	-
Beech tree project	6,350	-	6,350	-	-
Total Expenses	1,176,867	1,162,318	14,549	-	1,148,118
Excess (Deficiency) of Revenues over Expenses before Depreciation	234,205	37,065	(13,343)	210,483	207,383
Depreciation	(50,561)	(50,561)	-	-	(35,100)
Excess (Deficiency) of Revenues over Expenses	183,644	(13,496)	(13,343)	210,483	172,283
Fund Balances - Beginning of Year	547,711	226,276	115,889	205,546	375,428
Interfund Transfer	-	331,299	-	(331,299)	-
Fund Balances - End of Year	\$ 731,355	\$ 544,079	\$ 102,546	\$ 84,730	\$ 547,711

The accompanying notes are an integral part of these financial statements.

Timber Trails Community Association, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024			2023	
	Total	Operating Fund	Contingency Fund	Replacement Fund	Total
Cash Flows from Operating Activities					
Excess (deficiency) of revenues over expenses	\$ 183,644	\$ (13,496)	\$ (13,343)	\$ 210,483	\$ 172,283
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities					
Depreciation	50,561	50,561	-	-	35,100
Recovery of uncollectible assessments	6,173	6,173	-	-	-
Changes in assets and liabilities					
Members' assessments receivables	(9,436)	(9,436)	-	-	(1,274)
Accounts payable and accrued expenses	2,472	2,472	-	-	(2,468)
Due to Lake Naomi Club	41,685	41,685	-	-	52,494
Net Cash Provided by (Used In) Operating Activities	275,099	77,959	(13,343)	210,483	256,135
Cash Flows from Investing Activities					
Purchase of building, equipment and roads	(331,299)	(331,299)	-	-	(21,051)
Cash Flows from Financing Activities					
Interfund transfer	-	331,299	-	(331,299)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(56,200)	77,959	(13,343)	(120,816)	235,084
Cash and Cash Equivalents - Beginning of Year	375,857	54,422	115,889	205,546	140,773
Cash and Cash Equivalents - End of Year	\$ 319,657	\$ 132,381	\$ 102,546	\$ 84,730	\$ 375,857

The accompanying notes are an integral part of these financial statements.

Timber Trails Community Association, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1 Nature of Organization

Timber Trails Community Association, Inc. (the "Association"), located in Pocono Pines, Pennsylvania, is an incorporated Association subject to the provisions of the Uniform Planned Community Act of the Commonwealth of Pennsylvania. The purposes of the Association are to provide for the preservation of the values and amenities in the community and for the maintenance of the common facilities. The Association consists of 516 residential lots in a gated community with private roads. Recreational facilities within the Association include Tall Timber Lake, a playground, bathhouse, and greenbelt areas.

The members of the Association, in conjunction with the members of the Pocono Pines Community Association, Inc. ("PPCA"), are responsible for a substantial portion of the replacement funding of the amenities in Lake Naomi Club (the "Club") to ensure they are available for use and enjoyment of members who choose to join the Club. Title to the common facilities is held by the Club. All lot owners have the option to join the Club and gain access to use the amenities (see Note 6).

The Club was organized in 1963 to promote fellowship between the property owners of the Association and PPCA to provide for their social and recreational needs. The Club provides services that benefit all property owners within the Association and PPCA, such as safety and security, administration, and certain maintenance expenses. The Association pays the Club for these services based on contractually agreed upon amounts (see Note 8).

Note 2 Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncements

Allowance for Credit Losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instructions that aren't measured at fair value through net income. What was previously identified as bad debt expense or allowance for doubtful accounts is now known as credit losses and allowance for credit losses. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an equity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were members' assessments receivables. The FASB delayed adoption of the standard for private companies until January 1, 2023. The Association adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Timber Trails Community Association, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2 Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Board and management (collectively "Management") to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Accounting

The Association's legal documents (i.e., By-laws) provide certain guidelines to govern the Association's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association by such documents, the accounts of the Association are maintained in accordance with the principles of fund accounting.

The assets, liabilities and fund balances of the Association are reported in the following fund groups:

Fund Accounting

Operating Fund

This fund represents the portion of expendable funds that is available for the general operations of the Association.

Contingency Fund

The purpose of the Contingency Fund is to accumulate sufficient amounts to provide for nonrecurring major expenses, and to fund possible shortfalls in the Operating or Replacement Funds. These funds cannot be used without prior approval from Management.

Replacement Fund

The purpose of the Replacement Fund is to accumulate funds for future major repairs and replacements of the Association's common property as determined by the Board.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and all highly liquid investments acquired with an original maturity of three months or less.

Building, Equipment, and Roads

Building, equipment, and roads are stated at cost. Depreciation is computed using the straight-line method over the estimated lives of the assets: 5-10 years for equipment, 15 years for the gatehouse building, and 10-12 years for roads. Tangible personal property not an integral part of existing facilities is capitalized, all other costs of repair and replacement are expensed as incurred or charged to the Contingency Fund or Replacement Fund if provided for therein.

Timber Trails Community Association, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2 Summary of Significant Accounting Policies

Recognition of Assets

The Association's property and other common elements, other than that described above, are owned by the Association to the extent that they are not part of the fee simple ownership of the individual lots as described in the Association documents. The Association's common elements consist of the gatehouse, roadways, recreational facilities at Tall Timber Lake, and open areas.

The Association received the common elements referred to above in a nonmonetary transaction with the Pocono Pines Corporation, the Developer of Lake Naomi. The use and disposition of these properties are restricted or governed by the Association's legal documents. Accordingly, no amounts have been reflected on the accompanying balance sheet for the common elements owned by the Association.

The Club is responsible for operating and maintaining the amenities located on the Association property, with the exception of Tall Timber Lake which is maintained by the Association (see Notes 1, 6, and 8).

Members' Assessments, Members' Assessments Receivables and Allowance for Credit Losses

The Association's unit owners are subject to annual assessments based upon the annual budget. The annual budget and assessments are determined by the Board. The purpose of the assessments are to provide funds for operating expenses and reserves/future major repairs and replacements. Annual assessments represent multiple performance obligations, which, on a standalone basis, are not considered separate and distinct and therefore have been deemed to be a single performance obligation. Revenue is recognized as the performance obligation is satisfied at transaction amounts expected to be collected. The performance obligation for assessments are satisfied over time on a daily pro-rata basis using the input method. The Association retains excess funds at the end of the period, if any, for use in future periods or as otherwise specified by the Association's governing documents.

Members' assessments receivables at the balance sheet dates are stated at the amounts expected to be collected from unit owners. The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control. The Association's policy is to retain legal counsel and place liens on the units of owners who are delinquent based on the collection policy. It is the opinion of Management that the Association will ultimately prevail against homeowners with delinquent balances. However, as of December 31, 2024 and 2023, Management had estimated charges totaling approximately \$4,000 to be uncollectible. These charges have been recorded net of members' assessments receivables on the accompanying balance sheets.

Timber Trails Community Association, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2 Summary of Significant Accounting Policies

Members' Assessments, Members' Assessments Receivables and Allowance for Credit Losses

On a periodic basis, management evaluates the assessments receivable and estimates an allowance for doubtful accounts, based on history of past write-offs and collections and the current legal status of past due accounts. The evaluation and estimated allowance for credit losses is reviewed and approved by the Board.

Interest Income Earned

Management's policy is to retain interest income earned on all Contingency and Replacement Fund interest bearing cash accounts in the respective funds.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the auditors' report, which is the date the financial statements were available to be issued (see Note 9).

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported revenues and expenses or fund balances.

Note 3 Building, Equipment and Roads

Building, equipment and roads are recorded at cost and consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Building	\$ 83,024	\$ 83,024
Equipment	94,078	94,078
Roads	<u>617,285</u>	<u>285,986</u>
Total Building, Equipment and Roads	794,387	463,088
Less: accumulated depreciation	<u>(220,566)</u>	<u>(170,004)</u>
Building, Equipment and Roads, Net	<u>\$ 573,821</u>	<u>\$ 293,084</u>

Note 4 Income Taxes

Under the Internal Revenue Code, associations may be taxed as a regular corporation or a homeowners association, which is based on an annual election and meeting certain criteria. If the criteria are met, the Association may select either method in any year. A method selected in one year affects only that year and the Association is free to select either method in future years.

Timber Trails Community Association, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 4 Income Taxes

For the years ended December 31, 2024 and 2023, the Association was taxed as a homeowners association and therefore, not taxed as a regular corporation. No income taxes have been provided for the years ending December 31, 2024 and 2023, since there are sufficient non-exempt function expenses to offset non-exempt function income in each year. The Association evaluates its tax provisions and accruals and believes that they are appropriate based on current facts and circumstances. The prior three years federal tax returns as filed remain open for examination by the Internal Revenue Service. As of the date of the auditors' report of these financial statements, there were no tax examinations in process.

The Association is classified as a not-for-profit organization in Pennsylvania and therefore qualifies for section 528(c) of the internal revenue code of Pennsylvania and is not required to pay Pennsylvania corporation business tax income.

Note 5 Line of Credit

In July 2005, the Association obtained a revolving line of credit with People's Security Bank and Trust Company (formerly Penn Security Bank) in the amount of \$100,000. Payments of interest only are due monthly at a rate equal to the prime rate, with all outstanding principal plus accrued unpaid interest due at maturity. The prime rate at December 31, 2024 and 2023 was 7.50% and 8.50%, respectively. The line of credit matures on September 28, 2025. This borrowing is guaranteed by the Club.

There were no borrowings on the line of credit at December 31, 2024 and 2023.

Note 6 Replacement Fund

Timber Trails Community Association, Inc. Replacement Fund

The Association's governing documents provide that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations without Board approval.

Management prepares a schedule, which is updated annually, to estimate the remaining useful lives and the replacement costs of the common property components. The most recent update was completed in 2025. The schedule includes those components with an estimated remaining useful life within management's determined useful life guidelines for inclusion in the replacement schedule for purposes of determining annual funding. The estimates were obtained from suppliers and contractors based on the then current replacement costs. The table included in the unaudited supplementary information on future major repairs and replacements is based on the schedule as updated in 2025.

Timber Trails Community Association, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 6 Replacement Fund

Timber Trails Community Association, Inc. Replacement Fund

During the year ended December 31, 2024, the Association funded for major repairs and replacements based on the 2023 study's estimates of the then current replacement costs, considering amounts previously accumulated in the Replacement Fund. The recommended annual funding per the study was \$208,940.

Funds are accumulated in the Replacement Fund based upon estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, impose special assessments, or delay major repairs and replacements until funds are available, if possible. The effect on future assessments is unknown at this time.

Lake Naomi Club Capital Reserve Fund Contributions

The unit owners of the Association and the unit owners of PPCA have agreed to fund a substantial portion of the Club's major capital reserve expenditures needed to assure the continued availability of amenities to all lot owners. The Board of Directors of the two Associations have undertaken to fund these capital costs in accordance with the Club's capital reserve schedule. Funds are paid to the Club and the Club holds the accumulated funds. The Club may not commingle these funds with other Club funds.

Management of the Club prepared a capital reserve schedule to estimate the remaining useful lives and the replacement costs of the components of common property. The schedule includes those components with an estimated remaining useful life within the Club's management-determined useful life guidelines for inclusion in the reserve schedule for purposes of determining annual funding. Estimates were obtained from suppliers and contractors based on the then current replacement cost.

The table included in the unaudited supplementary information on future major repairs and replacements is based on the schedule, as updated in 2023 and effective for 2024, and includes only those components that the Association is responsible for replacing.

Since 2003, the Association has included in its budget its proportionate share of the annual funding costs per the Club's capital reserve schedule. Accordingly, for the years ended December 31, 2024 and 2023, budgeted contributions for reserve funding totaled \$202,073 and \$200,596, respectively.

Timber Trails Community Association, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 6 Replacement Fund

Lake Naomi Club Capital Reserve Fund Contributions

Funds are being accumulated by the Club based upon estimated costs for repairs and replacements of common property components. Actual expenditures may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated by the Club in the Club's Capital Reserve Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Club may request an increase in assessments to the Associations. The effect on future assessments is unknown at this time.

Note 7 Members' Assessments

Annual members' assessments were as follows:

	<u>Improved Lot</u>	<u>Unimproved Lot</u>
2024	\$ <u>2,640</u>	\$ <u>2,205</u>
2023	\$ <u>2,517</u>	\$ <u>2,095</u>

Note 8 Related Party Transactions

The Club manages the day-to-day affairs of the Association under a contractual arrangement with the Association. During the years ended December 31, 2024 and 2023, the Club charged the Association for contractual services it provided to the Association such as safety and security, administration and maintenance, and for non-contractual expenses, such as insurance, office expenses and other miscellaneous expenses. The Club also charged the Association for its contributions towards the replacement and improvement of amenities in the Club as discussed in Note 6.

Amounts charged by the Club for the years ended December 31, 2024 and 2023 were:

	<u>2024</u>	<u>2023</u>
Contractual Expenses	\$ 539,128	\$ 507,215
Other Expenses (includes equipment usage)	101,711	132,844
Capital Reserve Fund Contributions	<u>202,073</u>	<u>200,596</u>
Total Amounts Charged by the Club	<u>\$ 842,912</u>	<u>\$ 840,655</u>

As of December 31, 2024, and 2023, the Association owed the Club \$168,009 and \$126,324, respectively.

Timber Trails Community Association, Inc.
Notes to the Financial Statements
December 31, 2024 and 2023

Note 9 Beech Tree Project/Special Assessment/Subsequent Event

In 2023, there was a special assessment for gate improvements of \$25 per lot.

During 2024, the Board approved a Beech Tree Project to clear the Association's entrance and Blockhouse Road area of all dead beech trees, remove stumps, enrich soil and replant. The total cost of the project was unknown as of the date of the auditors' report.

In order to help fund the Beech Tree Project, the Board passed a special assessment, to be implemented in 2025, of \$100 per property, a total of \$51,600. The special assessment income will be recognized as project costs are incurred in 2025.

SUPPLEMENTARY INFORMATION

Timber Trails Community Association, Inc.
Schedule of Information on Future Major Repairs and Replacements -
Timber Trails Community Association, Inc.
December 31, 2024 and 2023

Management has prepared a schedule, which is updated annually, to estimate the remaining useful lives and the replacement costs of the common property components. The most recent update was completed in 2025. The schedule includes those components with an estimated remaining useful life within the management-determined useful life guidelines for inclusion in the replacement schedule for purposes of determining annual funding. The estimates were obtained from suppliers and contractors based on the then current replacement costs.

The following table is based on the schedule and presents significant information about the components of common property.

<u>Components</u>	As of 2025 Schedule (Unaudited)	
	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Secondary roads	0-14	\$ 1,998,238
Roads	3-7	361,945
Tall Timber Lake	7-19	207,000
Gatehouse	0-14	71,000
Pumps	0-2	14,000
Entrance sign	9	12,400
Total		<u>\$ 2,664,583</u>
Replacement Fund balance as of December 31, 2024		<u>\$ 84,730</u>

Timber Trails Community Association, Inc.
Schedule of Information on Future Major Repairs and Replacements - Lake Naomi Club
December 31, 2024 and 2023

The members of the Association and Pocono Pines Community Association have agreed to fund a substantial portion of the Club’s major capital replacement expenditures needed to assure the continued availability of amenities to all lot owners. The Boards of the two Associations have undertaken to fund these capital costs in accordance with the Club’s capital reserve schedule. Funds are paid to the Club and the Club holds the accumulated funds. The management of the Club prepared a capital reserve schedule, updated in 2023 to be effective in 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. The schedule includes those components with an estimated remaining useful life within the Club's management-determined useful life guidelines for inclusion in the capital reserve schedule for the purposes of determining annual funding. Estimates were obtained from suppliers and contractors based on the then current replacement cost.

The following table is based on the schedule and presents significant information about the portion of the components of common property of the Club that the Association have agreed to fund for replacement.

<u>Components</u>	As of 2023 Schedule* (Unaudited)	
	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacements Costs*</u>
Community center	0-42	\$ 1,066,405
Pools	0-32	678,954
Food and beverage facilities	0-36	555,292
Golf	0-30	434,060
Tennis	0-51	346,616
Lakes, beaches, and boats	0-31	289,917
Vehicles and equipment	0-8	272,022
Maintenance	0-28	193,438
Administration building	0-45	88,279
Recreation	1-8	48,234
Safety and security	0-3	<u>\$ 23,464</u>
 Total		 <u>\$ 3,996,681</u>

* Only includes those costs that the Association is responsible for replacing. The contributions are paid to the Club and the Club holds the accumulated funds in segregated accounts.

Timber Trails Community Association, Inc.
Schedule of Operating Fund Revenues and Expenses Compared to Budget
For the Years Ended December 31, 2024 and 2023

	2024			2023
	Actual	(Unaudited) Budget	Variance Favorable (Unfavorable)	Actual
Operating Revenues				
Members' assessments - improved lots	\$ 1,324,172	\$ 1,322,640	\$ 1,532	\$ 1,261,017
Members' assessments - unimproved lots	33,075	33,075	-	31,425
Total Members' Assessments	1,357,247	1,355,715	1,532	1,292,442
Recovery/(Uncollectible) assessments	(6,173)	(5,000)	(1,173)	-
Members' assessments, net	1,351,074	1,350,715	359	1,292,442
Dispatch income	41,284	41,280	4	38,354
Miscellaneous income - operating	7,360	4,500	2,860	5,405
Finance charges and fines	5,541	2,000	3,541	2,981
Interest income - operating	1,749	-	1,749	210
Rental income	1,350	3,000	(1,650)	2,400
Special assessment income - gate improvements	25	-	25	12,875
Total Operating Revenues	1,408,383	1,401,495	6,888	1,354,667
Operating Expenses				
Contractual Expenses with Lake Naomi Club				
Safety and security	263,807	263,807	-	249,350
Maintenance	144,410	144,410	-	138,855
Administration	130,911	130,911	-	119,010
Total Contractual Expenses with Lake Naomi Club	539,128	539,128	-	507,215
Lake Naomi Club Capital Reserve Fund Contributions	202,073	202,073	-	200,596
Maintenance				
Trash removal	217,416	218,000	584	217,416
Repair and maintenance	41,339	45,000	3,661	51,325
Snowplowing and ice control	30,145	40,000	9,855	27,255
Wildlife management	4,790	5,600	810	1,755
Road maintenance	-	9,500	9,500	9,738
Street signage	-	250	250	-
Total Maintenance	293,690	318,350	24,660	307,489

Timber Trails Community Association, Inc.
Schedule of Operating Fund Revenues and Expenses Compared to Budget
For the Years Ended December 31, 2024 and 2023

	2024		Variance	2023
	Actual	(Unaudited) Budget	Favorable (Unfavorable)	Actual
Operating Expenses (Continued)				
General and Administrative				
Insurance	66,385	68,361	1,976	66,393
Telephone and utilities	24,978	20,000	(4,978)	24,947
Legal fees	10,301	7,500	(2,801)	9,133
Audit fees	9,300	8,500	(800)	8,500
Gatehouse direct expense	7,554	5,500	(2,054)	5,136
Bank fees	3,472	3,300	(172)	3,307
Office and miscellaneous	2,528	2,500	(28)	9,859
Printing and postage	2,389	3,000	611	5,543
CAI legislative action	520	516	(4)	-
Total General and Administrative	127,427	119,177	(8,250)	132,818
Replacement Fund				
Members' assessments allocated to Replacement Fund	209,000	209,000	-	196,500
Total Operating Expenses and Allocations to Funds	1,371,318	1,387,728	16,410	1,344,618
Excess of Revenues over Operating Expenses and Allocations to Funds Excluding Depreciation and Budgeted Surplus Carryover				
	37,065	13,767	23,298	10,049
Depreciation	(50,561)	-	(50,561)	(35,100)
Budgeted Surplus Carryover	-	(13,767)	13,767	-
Excess (Deficiency) of Revenues over Operating Expenses and Allocations to Funds after Budgeted Surplus Carryover and Depreciation				
	\$ (13,496)	\$ -	\$ (13,496)	\$ (25,051)