SUNRISE LAKES PHASE 4 RECREATION ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

GLADSTONE STRUM & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

SUNRISE LAKES PHASE 4 RECREATION ASSOCIATION, INC.

SEPTEMBER 30, 2025

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GLADSTONE STRUM
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Sunrise Lakes Phase 4 Recreation Association, Inc.
Sunrise, Florida

Opinion

We have audited the accompanying financial statements of Sunrise Lakes Phase 4 Recreation Association, Inc., which comprise the balance sheet as of September 30, 2025, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the nine months 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 September 30, 2025, and the results of its operations and its cash flows for the nine months 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Board of Directors

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 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:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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 control. Accordingly, no such opinion is expressed.
- 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.
- 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted information on future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Gladstone Strum & Company, PLLC

Gladstone Strum & Company, PLLC
Certified Public Accountants
Sunrise, Florida
January 19, 2026

SUNRISE LAKES PHASE 4 RECREATION ASSOCIATION, INC.
BALANCE SHEET
SEPTEMBER 30, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 1,025,884	$ -	$ 1,025,884
Assessments Receivable (Net of Allowance)	88,162	-	88,162
Prepaid Expenses	16,466	-	16,466
Land	400,000	-	400,000
Utility Deposits	1,090	-	1,090
	$ 1,531,602	$ -	$ 1,531,602
LIABILITIES AND FUND BALANCES			
Accounts Payable and Accrued Expenses	$ 157,911	$ -	$ 157,911
Assessments Received in Advance	172,832	-	172,832
	330,743	-	330,743
Fund Balances	1,200,859	-	1,200,859
	$ 1,531,602	$ -	$ 1,531,602

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SUNRISE LAKES PHASE 4 RECREATION ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES:			
Assessments	$ 413,154	$ -	$ 413,154
Provision for Credit Losses	(32,476)	-	(32,476)
	380,678	-	380,678
Interest Income	3,077	-	3,077
Maintenance Building Lease	7,000	-	7,000
Other Income	24,435	-	24,435
	415,190	-	415,190
EXPENSES:			
Administrative	7,500	-	7,500
Collection Fees	20,786	-	20,786
Flow Meters	8,923	-	8,923
Golf Course Maintenance	308,151	-	308,151
Insurance	25,145	-	25,145
Lake Maintenance	14,487	-	14,487
Payroll and Related Costs	29,338	-	29,338
Professional Fees	9,825	-	9,825
Tree Trimming	11,650	-	11,650
	435,805	-	435,805
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(20,615)	-	(20,615)
FUND BALANCES - BEGINNING OF YEAR	1,221,474	-	1,221,474
FUND BALANCES - END OF YEAR	$ 1,200,859	$ -	$ 1,200,859

SUNRISE LAKES PHASE 4 RECREATION ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

	OPERATING FUND	REPLACEMENT FUND	TOTAL
Cash Flows from Operating Activities:			
Excess (Deficit) of Revenues over Expenses	$ (20,615)	$ -	$ (20,615)
Adjustments to Reconcile Excess (Deficit) of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:			
(Increase) Decrease in Assets:			
Assessments Receivable	16,784	-	16,784
Prepaid Expenses	29,591	-	29,591
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Expenses	125,254	-	125,254
Assessments Received in Advance	37,820	-	37,820
Escrow deposits	(750)	-	(750)
Total Adjustments	208,699	-	208,699
Net Cash Provided by (Used in) Operating Activities	188,084	-	188,084
Net Increase (Decrease) in Cash	188,084	-	188,084
Cash and Cash Equivalents - Beginning of Year	837,800	-	837,800
Cash and Cash Equivalents - End of Year	$ 1,025,884	$ -	$ 1,025,884

NOTE A - ORGANIZATION

Sunrise Lakes Phase 4 Recreation Association, Inc. was incorporated in the State of Florida on December 20, 1979. The Association is a property owners association as defined in Chapter 712, Florida Statutes, located in Sunrise, Florida, and was created to acquire, own and operate certain recreational facilities at a condominium project in Sunrise Lakes. It consists of 2,536 unit owners who are also members of one of the three Associations forming Sunrise Lakes Phase 4. The Association's purpose is to manage and operate the recreational facilities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund -	This fund is used to account for financial resources available for the general operations of the Association.
Replacement Fund -	This fund is used to accumulate financial resources designated for future major repairs and replacements.

Basis of Accounting

The books and records are maintained on the accrual basis of accounting which recognizes revenues when earned, regardless of when received, and expenses when incurred, regardless of when paid, which is in accordance with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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.

Interest Income

The Board's policy is to allocate to the applicable fund interest earned on cash accounts net of income taxes.

Income Taxes

In 2025, the Association elected to file as a homeowners' association in accordance with Internal Revenue Service Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax, net of any applicable expenses.

Accounting for Uncertainty in Income Taxes

A loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected by a taxing authority for examination generally ends at the later of three years after the initial due date of the return or three years after the return is filed.

Property, Equipment and Land

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units. Property and equipment, if any, acquired by the Association are recorded at cost and property contributed to the Association, if any, by the developer is recorded at estimated fair value at the date of contribution.

Cash and Cash Equivalents

For purposes of these financial statements, the Association considers demand deposit accounts, savings accounts and certificate of deposits to be cash equivalents.

Comprehensive Income

ASC 220 requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the nine months ended September 30, 2025, there were no items that qualify as comprehensive income.

Fair Value of Financial Instruments

The carrying amounts of the Association's financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and long-term debt, approximate their fair values due to their short-term maturities.

Concentration of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and cash equivalents and assessments receivable. The Association invests its excess cash and cash equivalents in both deposits and high quality short-term liquid money market instruments with major financial institutions, and the carrying values approximate the market value. The Association has not experienced losses related to these investments. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents and assessments receivable.

Member Assessments and Allowance for Credit Losses

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent, in accordance with the Association’s late fee policy. Any excess assessments at year end are retained by the Association for use in the succeeding year. The balances of assessments receivable as of the beginning and end of the period are $186,322 and $180,162, respectively.

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. It is the opinion of the Board of Directors that the Association will not ultimately prevail against homeowners with delinquent assessments and, accordingly, allowance for credit losses in the amount of $92,000 is deemed necessary.

Contract Liabilities (Assessments Received in Advance)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance) as of the beginning and end of the period are $0.

Reporting Period

The Association has elected to change its fiscal year end to September 30. Beginning with the nine months ended September 30, 2025, the Association will no longer report on December 31 basis.

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS

Generally, Florida Statutes require that funds be accumulated for future major repairs and replacements of the common elements. Accumulated funds are to be held in separate ac-counts and are generally not available for expenses for normal operations.

However, since the Association neither owns nor maintains any common property except for land, there is no need to provide for these reserves. Accordingly, the Association is not currently funding for future major repairs and replacements over the estimated remaining useful lives of the components.

The were no opening balances or activity in the replacement fund for the nine months ended September 30, 2025.

NOTE D – LEGAL MATTERS

The Association is a party to various legal actions normally associated with homeowner associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

NOTE E – OTHER COMMITMENTS AND CONTINGENCIES

The Association has contracted with various vendors for various services to maintain the common property related to certain administrative, building operations and maintenance, and contract expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

NOTE F – PURCHASE OF GOLF COURSE

On March 30, 1995, an agreement was reached to purchase the golf course facilities by the Association with a mortgage held by the developer. The amount of the mortgage was $400,000 which represents the cost of the land. The mortgage has been satisfied and the golf course facilities now belong to the Association.

NOTE G – FORMATION OF SPECIAL RECREATION DISTRICT

The unit owners of the three member associations of Sunrise Lakes Phase 4 are members of the Sunrise Lakes Phase 4 Recreation Association, Inc., which leased and maintained all of the recreation facilities in the Phase 4 complex. These facilities were leased under a long-term lease. The unit owners of Sunrise Lakes Phase 4 voted to form a Special Recreation District to purchase the recreation facilities which was approved by the City of Sunrise in 1994.

The transaction was completed, and the tax-exempt bonds were issued by the District in March of 1995. This allowed the lease to be terminated and the unit owners' payment to be fixed at $58.75 per unit per month for the first ten years and then $60.50 per unit per month for the remaining twenty-year term of the bond amortization.

The District is governed by a Board of Supervisors elected by the unit owners and consisting of two members from each of the three Sunrise Lakes Phase 4 associations (voting districts). As of March 30, 1995, all assets and liabilities of the Association were transferred to the Special Recreation District with the exception of the golf course and the related liabilities.

NOTE H – TURF MAINTENANCE AND LANDSCAPING SERVICES AGREEMENT

On November 15, 2022, the Association entered into a contract with a vendor to administrate, operate and maintain the landscaping of the turf and grounds of the golf course. The agreement is in effect from January 1, 2023 through December 31, 2025. Either party may cancel with sixty days notice. The annual cost of the contract is $151,548 for 2023, $160,488 for 2024, and $156,084 for 2025. There is no increase in the final year in exchange for signing a three year contract.

NOTE I – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for the potential recognition of disclosure through the date of this report. That date is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION