St. C Condominiums
St. Croix, U.S. Virgin Islands

Treasurer's Comments on 2023 and 2024 Audit Reports

September 9, 2025

To: Association of St. C Condominium Owners

The office staff and I have continued to diligently work with the auditor Tom Singleton CPA to bring the Association current on the annually required financial audits.

A history on the annual audits: prior to my appointment to the position of Treasurer in April of 2021, the last audit performed on behalf of the Association had been the 2016 audit in 2019 by Bert Smith & Co. Bert Smith & Co was then engaged in 2019 to perform the 2017 and 2018 audits; however, due to lack of performance, the current board terminated Bert Smith & Co's services in August of 2022. Tom Singleton, CPA is a member of the Virgin Islands Society of CPAs; came highly recommended by other local condominium associations and local accounting firms; and was engaged to begin with the 2017 audit for St. C. Since bringing Tom Singleton, CPA on as auditor in August of 2022, the 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 audits have been completed.

Enclosed are the audits for 2023 and 2024. The following are comments that should be taken into consideration when reviewing the reports:

2023: Final audit reflects a loss of $21,683 (see page numbered 4)

> The Association had to realize over $258,138 in bad debt for 2023 due to the final court foreclosure rulings for units 110 and 339 in early 2024.
>
> Please refer to Note 5 on page numbered 8 in which it states that $2.28 million in hurricane funds should be left or "unexpended" toward hurricane repairs. However, the total cash at year end was $1 million. Of the $1 million, the balance sheet reflects $161,247 in operating. Also note, the remaining "reserved" funds includes long term/insurance reserve funds in addition to the hurricane funds.

2024: Final audit reflects an excess of $228,893 (see page numbered 4)

> The Association collected $111k in outstanding funds with the closing of Unit 102.
>
> While the audit reflects an excess, the Accounts Receivable shows $471,815 in uncollected funds. As the Association financials are based upon accrual, it should be noted that an excess does not mean a realized increase.
>
> Please refer to Note 5 on page numbered 8 in which it states that $2 million in hurricane funds should be left or "unexpended" toward hurricane repairs. However, the total cash at year end was $617,422. Of the $617,422, the balance sheet reflects $29,317 in operating. Also note, the remaining "reserved" funds includes long term/insurance reserve funds in addition to the hurricane funds.

We are excited to have all audits up to date and have already begun the preliminary work on the 2025 audit.

Jessica Hodge
Treasurer

ASSOCIATION OF ST. C. CONDOMINIUM OWNERS
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2024

ASSOCIATION OF ST. C. CONDOMINIUM OWNERS
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DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Association of St. C. Condominium Owners
St. Croix, United States Virgin Islands

Opinion

I have audited the accompanying financial statements of Association of St. C. Condominium Owners (the Association), which comprise the balance sheet as of December 31, 2024, and the related statements of revenues, expenses, and change in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In my 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

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

Responsibilities of Management 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.

Auditor's Responsibilities for the Audit of the Financial Statements

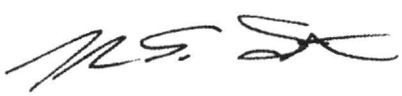
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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, I:

- 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 internal 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information

Management has elected to omit disclosures of estimates of the cost of future major repairs and replacements of existing components; the estimated remaining useful lives of such components and the amount of funds accumulated for such estimated costs of repair and replacement. These disclosures are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such missing information, although not 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 and for placing the financial statements in an appropriate operational, economic or historical context. My opinion on the basic financial statements is not affected by this missing information.



July 14, 2025

Association of St. C. Condominium Owners
Balance Sheet
December 31, 2024

	Operating Fund	Reserve Funds	Total
ASSETS			
Cash			
Cash-operating	$ 29,317	$ -	$ 29,317
Cash-reserve	-	588,105	588,105
Total Cash	29,317	588,105	617,422
Other Current Assets			
Accounts receivable, net	471,815	-	471,815
Prepaid expenses	143,290	-	143,290
Total Other Current Assets	615,105	-	615,105
Total Current Assets	644,422	588,105	1,232,527
Other Assets			
Foreclosed condominium unit	211,749	-	211,749
Total Other Assets	211,749	-	211,749
TOTAL ASSETS	$ 856,171	$ 588,105	$ 1,444,276
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	$ 54,408	$ -	$ 54,408
Accrued liabilities	7,404	-	7,404
Deferred revenue	2,100,296	-	2,100,296
Deposits	2,750	-	2,750
Contract liabilities (assessments received in advance-nonoperating funds)	-	588,105	588,105
Total Current Liabilities	2,164,858	588,105	2,752,963
Fund Balance			
Fund Balance (Deficit)	(1,308,687)	-	(1,308,687)
TOTAL LIABILITIES AND FUND BALANCE	$ 856,171	$ 588,105	$ 1,444,276

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

Association of St. C. Condominium Owners
Statement of Revenues, Expenses and Changes in Fund Balance
Year Ended December 31, 2024

	Operating Fund	Reserve Funds	Total
REVENUES			
Maintenance assessments	$ 859,176	$ -	$ 859,176
Special assessments	48,668	44,173	92,841
Insurance assessments	640,237	-	640,237
Interest income	85,856	-	85,856
Rental income	3,720	-	3,720
Insurance proceeds	186,061	-	186,061
Other income	18,374	-	18,374
TOTAL REVENUES	1,842,092	44,173	1,886,265
EXPENSES			
Repair and maintenance	42,885	-	42,885
Utilities	27,984	-	27,984
Insurance	635,162	-	635,162
Professional fees	113,444	-	113,444
Salaries, wages and related expenses	578,378	-	578,378
Office, administrative and other expenses	33,211	-	33,211
Bad debt expense	182,135	-	182,135
Replacement reserve expenses	-	44,173	44,173
TOTAL EXPENSES	1,613,199	44,173	1,657,372
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	228,893	-	228,893
BEGINNING FUND BALANCES (DEFICITS)	(1,537,580)	-	(1,537,580)
ENDING FUND BALANCES (DEFICITS)	$ (1,308,687)	$ -	$ (1,308,687)

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

Association of St. C. Condominium Owners
Statement of Cash Flows
Year Ended December 31, 2024

	Operating Fund	Reserve Funds	Total
CASH FLOWS FROM OPERATIONS			
Assessments	$ 1,435,834	$ 44,173	$ 1,480,007
Interest income	85,856	-	85,856
Other income	22,094	-	22,094
Insurance proceeds	186,061	-	186,061
Expenses	(1,587,087)	(352,041)	(1,939,128)
Net Cash Provided (Used) by Operations	142,758	(307,868)	(165,110)
CASH FLOWS FROM INVESTING			
Additional foreclosed condominium unit costs	(10,000)	-	(10,000)
Net Cash Provided (Used) by Investing	(10,000)	-	(10,000)
CASH FLOWS FROM FINANCING			
Net change in insurance premium loan	(264,688)	-	(264,688)
Net Cash Provided (Used) by Financing	(264,688)	-	(264,688)
NET INCREASE (DECREASE) IN CASH	(131,930)	(307,868)	(439,798)
CASH AT BEGINNING OF YEAR	161,247	895,973	1,057,220
CASH AT END OF YEAR	$ 29,317	$ 588,105	$ 617,422
Reconciliation of excess (deficiency) of revenues over expenses to net cash provided (used) by operations			
Excess (deficiency) of revenues over expenses	$ 228,893	$ -	$ 228,893
Reconciliation adjustments:			
(Increase) decrease in:			
Accounts receivable	73,814	-	73,814
Prepaid expenses	199,412	-	199,412
Increase (decrease) in:			
Accounts payable	(161,721)	-	(161,721)
Accrued liabilities	(11,579)	-	(11,579)
Deferred revenue	(186,061)	-	(186,061)
Contract liabilities	-	(307,868)	(307,868)
Net cash provided (used) by operations	$ 142,758	$ (307,868)	$ (165,110)

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

Association of St. C. Condominium Owners

Notes to the Financial Statements
December 31, 2024

Note 1 - Organization

Association of St. C. Condominium Owners (the "Association") was formed in 1995 under the laws of the United States Virgin Islands as a not-for-profit association for the purpose of maintaining and preserving the common property of the Association, located in St Croix, the United States Virgin Islands. The Association's community consists of 132 dwelling units titled to the individual owners. The common properties within the Association require expenses to be shared by all the owners within the community. Therefore, the community developer provided for and created the Association. Each owner of a unit is a member of the Association and is required to pay a monthly assessment to the Association.

Note 2 - Summary of Significant Accounting Policies

Fund Accounting
The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, if any, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors. Disbursements from the reserve fund generally would be made only for designated purposes.

Member Assessments
Association members are subject to monthly assessments to provide funds for the Association's operating expenses. 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 are satisfied over time on a daily pro-rata basis using the input method. Assessments receivable 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 property of homeowners whose assessments are seriously delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

The net balance of assessments receivable at the beginning and end of the year ended December 31, 2024 were $545,629 and $471,815, respectively. These amounts are deemed fully collectible. The Association treats uncollectible assessments, if any, as variable consideration. Methods, inputs and assumptions used to evaluate whether an estimate of variable consideration is constrained include the consideration of past experience and susceptibility to factors outside the Association's control.

During the year ended December 31, 2024, the average monthly assessment to owners was $1,005 per homeowner. The yearly budget and assessments are determined by the board of directors.

Association of St. C. Condominium Owners

Notes to the Financial Statements
December 31, 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash in banks and money market subdivided into operating and reserve categories on the balance sheet.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Concentration of Credit Risk
The Association's primary source of income is assessments paid by owners.

Real and Common Area Property
Real and common area property owned by the Association is not recorded in the Association’s financial statements as it was acquired in a nonmonetary transaction from the developer and the fair value of the assets cannot be reasonably determined. As a result, improvements made to the real property and common areas are not capitalized.

Subsequent Events

The Association evaluated subsequent events for the period from January 1, 2025 to July 14, 2025, the date the financial statements were available for issue. No subsequent events were identified that required adjustment to or disclosure in these financial statements.

Note 3 - Federal and Territorial Income Taxes

Home owner associations may elect to be taxed as regular corporations or as homeowner associations. The Association elected to be taxed as a homeowners' association for the year ended December 31, 2024. Under this election, the Association would be taxed on its nonexempt function income, such as interest income, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

Note 4- Future Major Repairs and Replacements

The budget of the Association provides for reserve accounts for capital expenditures that might otherwise result in special assessments or borrowing. The Association has not conducted a study to determine the remaining lives of the common property components and estimates of the major maintenance that may be required in the future. Funds have been assessed for repair and replacement in 2024 of $39,996. Actual expenditures may vary from this amount and the variations may be material.

Note 5- Insurance Settlement

In 2018, the Association received $5,710,907 in various payments as an insurance settlement for damages caused by Hurricane Maria on September 20, 2017. $2,010,296 of these proceeds were unexpended as of December 31, 2024. Total cash was $617,422 at December 31, 2024.

Note 6- Concentration of Credit Risk

The Association maintains its cash balances in high credit quality financial institutions. These cash deposits are secured by the FDIC up to $250,000 per institution. At December 31, 2024, the Association had cash balances on deposit more than this FDIC coverage of $366,652 at the Bank of St. Croix.