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

Treasurer's Comments on 2025 Audit Reports

August 11, 2026

To: Owners of St. C Condominium Association

Dear Owners,

The office staff and I have continued working closely with our independent auditor, Tom Singleton, CPA, to bring the Association's annual financial audits completely up to date. **These annual audits are required under Article IX of the Association's governing documents** and are an important part of maintaining financial accountability and transparency for all owners.

Audit History

When I became Treasurer in April 2021, the most recent completed audit was for 2016, which had been completed in 2019. Bert Smith & Co. had been engaged in 2019 to complete the 2017 and 2018 audits; however, due to a lack of progress, the Board terminated that engagement in August 2022.

At that time, the Board retained Tom Singleton, CPA, a member of the Virgin Islands Society of CPAs who came highly recommended by other local condominium associations and accounting professionals. Mr. Singleton was engaged beginning with the Association's 2017 audit.

Since his engagement in August 2022, the audits for **2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, and 2025 have all been completed.** We are very pleased that the Association is fully current with its annual audit requirements.

Understanding the 2025 Audit

Enclosed is the 2025 audited financial statement. The following points may help when reviewing the report:

- **Operating Results:** The audit reflects an excess of operating revenues over expenses of **$110,817** for 2025 (see page 4). It is important to understand that the Association uses the **accrual basis of accounting**, so this amount does not mean that $110,817 in additional cash was available in the bank at year-end. Of this amount, **$108,987 was reflected in accounts receivable**, meaning these were amounts owed to the Association but not yet collected as of year-end.

- **Hurricane and Restricted Funds:** Note 5 on page 8 states that approximately **$1.78 million** in hurricane-related funds should remain unspent and available for hurricane repairs. However, the Association's total cash balance at year-end was **$478,529**. Of that amount, the balance sheet reflects only **$22,169 in operating funds**.

  It is important to understand that not all money held by the Association can be used for normal day-to-day operating expenses. Certain funds are **restricted or designated for specific purposes**. This means those funds have been collected, received, or set aside for a particular expense or project and are not considered available to pay unrelated operating costs. For example, funds designated for hurricane repairs, insurance reserves, long-term reserves, or a specific special assessment are intended to be used for those purposes.

  Therefore, although the Association had **$478,529 in total cash at year-end, this should not be interpreted as $478,529 available for general Association expenses.** A substantial portion of the cash balance was associated with specific obligations, reserves, assessments, or projects.

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

Moving Forward

We are pleased to have brought the Association's audits completely up to date and into compliance with the annual audit requirement contained in **Article IX of our governing documents**. Keeping these audits current provides owners with an independent review of the Association's financial statements and helps promote accountability and transparency regarding the financial condition of our community.

We encourage all owners to review the enclosed 2025 audit and appreciate your continued interest in the financial health and future of St. C.

We are pleased to have the Association's audits completely up to date and encourage all owners to review the enclosed 2025 audit. Thank you for your continued interest in the financial health of our community.

Sincerely,

Jessica Hodge
Treasurer

ASSOCIATION OF ST. C. CONDOMINIUM OWNERS
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2025

ASSOCIATION OF ST. C. CONDOMINIUM OWNERS
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DECEMBER 31, 2025

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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, 2025, 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, 2025, 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 10, 2026

Association of St. C. Condominium Owners
Balance Sheet
December 31, 2025

	Operating Fund	Reserve Funds	Total
ASSETS			
Cash			
Cash-operating	$ 22,169	$ -	$ 22,169
Cash-reserve	-	456,360	456,360
Total Cash	22,169	456,360	478,529
Other Current Assets			
Accounts receivable, net	580,802	-	580,802
Prepaid expenses	144,263	-	144,263
Total Other Current Assets	725,065	-	725,065
Total Current Assets	747,234	456,360	1,203,594
Other Assets			
Foreclosed condominium unit	231,781	-	231,781
Total Other Assets	231,781	-	231,781
TOTAL ASSETS	$ 979,015	$ 456,360	$ 1,435,375
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	$ 79,644	$ -	$ 79,644
Deferred revenue	2,094,741	-	2,094,741
Deposits	2,500	-	2,500
Contract liabilities (assessments received in advance-nonoperating funds)	-	456,360	456,360
Total Current Liabilities	2,176,885	456,360	2,633,245
Fund Balance			
Fund Balance (Deficit)	(1,197,870)	-	(1,197,870)
TOTAL LIABILITIES AND FUND BALANCE	$ 979,015	$ 456,360	$ 1,435,375

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, 2025

	Operating Fund	Reserve Funds	Total
REVENUES			
Maintenance assessments	$ 1,031,865	$ -	$ 1,031,865
Special assessments	-	702,351	702,351
Insurance assessments	635,532	-	635,532
Interest income	71,286	-	71,286
Rental income	4,450	-	4,450
Other income	16,305	-	16,305
TOTAL REVENUES	1,759,438	702,351	2,461,789
EXPENSES			
Repair and maintenance	264,297	-	264,297
Utilities	50,832	-	50,832
Insurance	627,230	-	627,230
Professional fees	70,679	-	70,679
Salaries, wages and related expenses	515,806	-	515,806
Office, administrative and other expenses	119,777	-	119,777
Replacement reserve expenses	-	702,351	702,351
TOTAL EXPENSES	1,648,621	702,351	2,350,972
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	110,817	-	110,817
BEGINNING FUND BALANCES (DEFICITS)	(1,308,687)	-	(1,308,687)
ENDING FUND BALANCES (DEFICITS)	$ (1,197,870)	$ -	$ (1,197,870)

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, 2025

	Operating Fund	Reserve Funds	Total
CASH FLOWS FROM OPERATIONS			
Assessments	$ 1,552,855	$ 570,606	$ 2,123,461
Interest income	71,286	-	71,286
Other income	20,755	-	20,755
Expenses	(1,652,044)	(702,351)	(2,354,395)
Net Cash Provided (Used) by Operations	(7,148)	(131,745)	(138,893)
NET INCREASE (DECREASE) IN CASH	(7,148)	(131,745)	(138,893)
CASH AT BEGINNING OF YEAR	29,317	588,105	617,422
CASH AT END OF YEAR	$ 22,169	$ 456,360	$ 478,529
Reconciliation of excess (deficiency) of revenues over expenses to net cash provided (used) by operations			
Excess (deficiency) of revenues over expenses	$ 110,817	$ -	$ 110,817
Reconciliation adjustments:			
(Increase) decrease in:			
Accounts receivable	(108,987)	-	(108,987)
Prepaid expenses	(973)	-	(973)
Other assets	(20,032)	-	(20,032)
Increase (decrease) in:			
Accounts payable	25,236	-	25,236
Accrued liabilities	(7,404)	-	(7,404)
Deferred revenue	(5,555)	-	(5,555)
Deposits	(250)	-	(250)
Contract liabilities	-	(131,745)	(131,745)
Net cash provided (used) by operations	$ (7,148)	$ (131,745)	$ (138,893)

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

Association of St. C. Condominium Owners

Notes to the Financial Statements
December 31, 2025

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, 2025 were $471,815 and $580,802, 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, 2025, the average monthly maintenance assessment to owners was $1,100 per homeowner. The yearly budget and assessments are determined by the board of directors.

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, 2026 to July 10, 2026, 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, 2025. 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 2025 of $241,824. 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. $1,786,069 of these proceeds were unexpended as of December 31, 2025. Total cash was $478,529 at December 31, 2025.

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, 2025, the Association had cash balances on deposit more than this FDIC coverage of $215,001 at the Bank of St. Croix.