

CRESTWOOD VILLAGE CO-OP, INC.
92 Fairway Lane
Whiting, NJ 08759

TO: ALL MEMBERSHIP CERTIFICATE HOLDERS
FROM: THE BOARD OF TRUSTEES
SUBJECT: ANNUAL MEETING

In accordance with the By-Laws of Crestwood Village Co-Op, Inc. this will serve as the Official Notice of the Annual Meeting of the Membership Certificate Holders of Crestwood Village Co-Op, Inc.

DATE: Monday, September 21, 2026 at 11:00 AM
PLACE: Friendship Hall
PURPOSE: Presentation of the Annual Financial Report.
Introduction of Trustees and Representatives
and such other business as may properly come
before it.

**MEMBERSHIP CERTIFICATE HOLDERS ONLY MAY ASK QUESTIONS
PERTAINING TO THIS REPORT AT THIS MEETING**

Bring your copy of the attached financial statement with you when you come to the meeting, so that you can follow the presentation when it is reviewed.

Following this presentation, the Board of Trustees will be introduced

Board of Trustees
Mary Ann Riotto, Secretary

CRESTWOOD VILLAGE CO-OP, INC.

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2026

AND

INDEPENDENT AUDITOR'S REPORT

CRESTWOOD VILLAGE CO-OP, INC.

**FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial statements:	
Balance sheet	4
Statement of Revenues, Expenses and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14
Supplementary information:	
Schedule of Future Major Repairs and Replacements	15
Schedule of Operating Revenues and Expenses as Compared to Budget	16

INDEPENDENT AUDITOR'S REPORT

*To the Board of Trustees and Stockholders of
Crestwood Village Co-Op, Inc.
92 Fairway Lane
Whiting, New Jersey 08759*

Opinion

We have audited the accompanying financial statements of Crestwood Village Co-Op, Inc., which comprise the balance sheet as of June 30, 2026 and the related statements of revenues, expenses, and changes in fund balance 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 Crestwood Village Co-Op, Inc. as of June 30, 2026, 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.

Report on Summarized Comparative Information

We have previously audited the Crestwood Village Co-Op, Inc.'s June 30, 2025 financial statements, and our report dated August 28, 2025 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crestwood Village Co-Op, Inc. 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 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 Crestwood Village Co-Op, Inc.'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

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 auditor's 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 Crestwood Village Co-Op, Inc.'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crestwood Village Co-Op, Inc.'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.

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 page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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 management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating revenues and expenses as compared to budget on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Co-Op's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The logo for Venning, featuring the word "Venning" in a stylized, cursive script font.

MOHEL ELLIOTT BAUER & GASS, P.A.
A VENNING & COMPANY LLC FIRM
Certified Public Accountants

September 15, 2026
Toms River, New Jersey

CRESTWOOD VILLAGE CO-OP, INC.

BALANCE SHEET

JUNE 30, 2026

(WITH COMPARATIVE TOTALS FOR 2025)

	Operating Fund	Replacement Fund	Plant Fund	Total	
				2026	2025
ASSETS					
Cash, including interest bearing deposits	\$ 1,397,120	\$ 754,173	\$	\$ 2,151,293	\$ 1,803,584
Investments – Note 4	-	810,842		810,842	799,520
Assessments receivable - Note 2	175,773			175,773	136,046
Accounts receivable - other	109,957	29,835		139,792	46,481
Accrued interest receivable		6,154		6,154	3,790
Prepaid expenses – Note 5	7,378			7,378	4,917
Interfund balances	(148,931)	148,931		-	-
Other assets	83,000			83,000	-
Property and equipment, net – Notes 2 and 3	34,261		10,122,460	10,156,721	9,782,718
Total assets	\$ 1,658,558	\$ 1,749,935	\$ 10,122,460	\$ 13,530,953	\$ 12,577,056
LIABILITIES AND MEMBERS' EQUITY					
Liabilities:					
Accounts payable and accrued expenses - Note 6	\$ 149,722	\$ 49,081	\$	\$ 198,803	\$ 58,783
Accrued salaries	4,992			4,992	4,260
Assessments received in advance	102,252			102,252	128,936
Real estate tax and tax deductions payable	59,281			59,281	125,876
Estate escrow liability	80,648			80,648	80,648
Total liabilities	396,895	49,081	-	445,976	398,503
Members' equity:					
Membership certificates – authorized, issued and outstanding – 1,016 certificates			14,686,900	14,686,900	14,686,900
Additional paid-in capital	252,400			252,400	252,400
Fund balance – Note 2	1,009,263	1,700,854	(4,564,440)	(1,854,323)	(2,760,747)
Total members' equity	1,261,663	1,700,854	10,122,460	13,084,977	12,178,553
Total liabilities and members' equity	\$ 1,658,558	\$ 1,749,935	\$ 10,122,460	\$ 13,530,953	\$ 12,577,056

The accompanying notes are an integral part of these financial statements

CRESTWOOD VILLAGE CO-OP, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR 2025)

REVENUES	Operating Fund	Replacement Fund	Plant Fund	Total
				2026 2025
Member assessments				
Membership assessments – Note 2	\$ 3,688,704	\$ 756,000	\$	\$ 4,444,704 \$ 4,212,240
Adjustment for probable uncollectible accounts	-			-
Adjustment for real estate tax disabled veteran credit	(3,660)			(3,660) (2,868)
Net membership assessments	<u>3,685,044</u>	<u>756,000</u>	<u>-</u>	<u>4,441,044</u> <u>4,209,372</u>
Other revenues				
Investment income - Note 4	317	48,995		49,312 46,192
Clubhouse rental income	900			900 900
Other income - Note 7	115,558			15,558 67,626
Membership fee		116,600		16,600 110,000
Capital depreciation assessment		147,891		47,891 155,565
Total other revenues	<u>116,775</u>	<u>313,486</u>	<u>-</u>	<u>430,261</u> <u>380,283</u>
Total revenues	<u>3,801,819</u>	<u>1,069,486</u>	<u>-</u>	<u>4,871,305</u> <u>4,589,655</u>
EXPENSES				
Real estate taxes	\$ 1,301,024	\$	\$	\$ 1,301,024 \$ 1,179,618
Insurance	243,981			243,981 233,275
Street lighting	18,655			18,655 18,206
Legal expense	21,000			21,000 16,821
Auditing and accounting expense	21,325			21,325 15,740
Clubhouse expense	108,264			108,264 108,127
Office and administration	316,634			316,634 316,300
Depreciation	9,638		565,768	575,406 563,181
Maintenance costs – Note 8	1,347,944			1,347,944 1,432,689
Lake maintenance	10,648			10,648 28,356
Replacement fund expenditures – Note 10		-		- 351
Total expenses	<u>3,399,113</u>	<u>-</u>	<u>565,768</u>	<u>3,964,881</u> <u>3,912,664</u>
Excess (deficiency) of revenues over expenses before transfers	402,706	1,069,486	(565,768)	906,424 676,991
Transfers - Note 12	-	(949,409)	949,409	-
Excess (deficiency) of revenues over expenses after transfers	402,706	120,077	383,641	906,424 676,991
Fund balance – beginning of year	<u>606,557</u>	<u>1,580,777</u>	<u>(4,948,081)</u>	<u>(2,760,747)</u> <u>(3,437,738)</u>
Fund balance – end of year	<u>\$ 1,009,263</u>	<u>\$ 1,700,854</u>	<u>\$ (4,564,440)</u>	<u>\$ (1,854,323)</u> <u>\$ (2,760,747)</u>

The accompanying notes are an integral part of these financial statements

CRESTWOOD VILLAGE CO-OP, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR 2025)

	Operating Fund	Replacement Fund	Plant Fund	Total
	2026	2025	2026	2025
Cash flows from operating activities:				
Excess (deficiency) of revenues over expenses after transfers	\$ 402,706	\$ 120,077	\$ 383,641	\$ 676,991
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Depreciation and amortization	9,638		565,768	563,181
(Increase) decrease in:				
Assessments receivable	(39,727)		(39,727)	(74,475)
Accounts receivable – other	(84,176)	(9,135)	(93,311)	(25,687)
Accrued interest receivable		(2,364)	(2,364)	(2,248)
Prepaid expenses	(2,461)		(2,461)	6,861
Interfund balances	116,491	(116,491)	-	-
Other assets	(83,000)		(83,000)	40,000
Increase (decrease) in:				
Accounts payable and accrued expenses	90,939	49,081		32,383
Accrued salaries	732		732	481
Assessments received in advance	(26,684)		(26,684)	49,683
Estate escrow account	-		-	(10,500)
Real estate tax and tax deductions payable	(66,595)		(66,595)	64,441
Net cash provided (used) by operating activities	317,863	41,168	949,409	1,321,111
Cash flows from investing activities:				
Purchase of property and equipment		(718,322)	(949,409)	(1,159,270)
Purchase of investments		707,000		(410,145)
Maturity/sale of investments			707,000	603,601
Net cash provided (used) by investing activities	-	(11,322)	(949,409)	(965,814)
Net increase (decrease) in cash and cash equivalents	317,863	29,846	-	355,297
Cash and cash equivalents at beginning of year	1,079,257	724,327	-	1,448,287
Cash and cash equivalents at end of year	\$ 1,397,120	\$ 754,173	\$ -	\$ 1,803,584
Supplemental disclosure:				
Income taxes paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are in integral part of these financial statements

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

NOTE 1 – ORGANIZATION

Crestwood Village Co-Op, Inc., was incorporated on May 10, 1965, in the State of New Jersey. The Co-Op is responsible for the operation and maintenance of the common property within the development. The development consists of 1,016 residential units located on approximately 189.6 acres in Manchester Township, New Jersey.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting – The Co-Op's legal documents provide certain guidelines to govern the Co-Op's financial activities. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Co-Op by such documents, the accounts of the Co-Op are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various functions are classified for accounting and reporting purposes into funds established according to their nature and purpose.

The assets, liabilities and fund balances of the Co-Op are reported in the following fund groups:

Operating Fund - The operating fund represents the portion of expendable funds that are available for the general operations of the Co-Op.

Replacement Fund – The purpose of the replacement fund is to accumulate funds over the lives of the assets which are part of the common elements so that at the time of their replacement sufficient amounts have been accumulated.

Plant Fund – The plant fund represents the Corporation's investment in land and buildings – dwelling units. The maintenance building and furniture and equipment are reflected in the operating fund.

Property and Equipment – Depreciation is computed on a straight-line basis over the estimated lives of the assets.

Membership Assessments - Members are subject to monthly assessments to provide funds for the operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Co-Op considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Reclassifications – Certain reclassifications have been made to the 2025 financial statements to conform with the 2026 presentation.

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. Accordingly, actual results could differ from those estimates.

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2026 AND 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Assessments and Assessments Receivable - Cooperative members are subject to monthly assessments based upon the annual budget. The purpose of membership assessments is to provide funds for operating expenses and funding for reserves for future major repairs and replacements. Monthly membership 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 membership assessments are satisfied over time on a daily pro-rata basis using the input method. The Cooperative retains excess funds at the end of the period, if any, for use in future periods or as otherwise specified by the Cooperative's governing documents.

Membership assessments receivable at the balance sheet date is stated at the amounts expected to be collected from unit owners. The Cooperative'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 the Board that the Cooperative will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary. The Cooperative treats uncollectible membership assessments as variable consideration since the Cooperative has the authority to levy additional fees. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Cooperative's control.

Subsequent Events - The Co-Op has evaluated subsequent events through September 15, 2026, the date the financial statements were available to be issued. Based upon this evaluation, the Co-Op determined that no subsequent events have occurred, which require adjustment to or disclosure in the financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment is carried at cost and consists of the following:

	<u>2026</u>	<u>2025</u>	<u>Estimated Useful Life (Years)</u>
Land	\$ 544,400	\$ 544,400	-
Buildings – dwelling units	14,142,500	14,142,500	40
Dwelling unit improvements	10,670,368	9,907,139	27.5
Clubhouse renovations/improvements	900,461	816,978	20
Roads, driveways and parking lots	3,614,372	3,511,676	20
Maintenance building and improvements	148,098	148,098	10-40
Furniture and equipment	335,835	335,835	5
	<u>30,356,034</u>	<u>29,406,626</u>	
Less: accumulated depreciation	<u>(20,199,313)</u>	<u>(19,623,908)</u>	
	<u>\$ 10,156,721</u>	<u>\$ 9,782,718</u>	

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2026 AND 2025

NOTE 4 – INVESTMENTS

Investments in securities are presented in the financial statements at cost.

	2026		2025	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Operating fund	\$	\$	\$	\$
Replacement fund	<u>810,842</u>	<u>810,130</u>	<u>799,520</u>	<u>802,777</u>
	<u>\$ 810,842</u>	<u>\$ 810,130</u>	<u>\$ 799,520</u>	<u>\$ 802,777</u>

Investments are composed of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 607,000	\$ 606,288	\$ 600,000	\$ 602,167
Mutual funds	203,842	203,842		
U.S. Treasury Bills	<u></u>	<u></u>	<u>199,520</u>	<u>200,610</u>
	<u>\$ 810,842</u>	<u>\$ 810,130</u>	<u>\$ 799,520</u>	<u>\$ 802,777</u>

Investment income is composed of the following:

	<u>2026</u>	<u>2025</u>
Interest income	\$ 49,312	\$ 44,732
Gain on sale of investments	<u></u>	<u>1,460</u>
Total investment income	<u>\$ 49,312</u>	<u>\$ 46,192</u>

The Co-Op reports its investments under the provision of Financial Accounting Standards Board ASC 320-10 Investments - Debt and Equity Securities. In accordance with this statement the Co-op has classified securities as held to maturity.

Securities classified as held to maturity are stated at cost adjusted for amortization of premiums and accretion of discounts. The Co-op has the positive intent and ability to hold these securities to maturity. Realized gains and losses for securities classified as held to maturity are reported in the statement of revenues and expenses based on the adjusted cost of the specific security sold.

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2026 AND 2025

NOTE 5 – PREPAID EXPENSES

	<u>2026</u>	<u>2025</u>
Prepaid insurance	\$ 4,057	\$
Prepaid other	<u>3,321</u>	<u>4,917</u>
	<u>\$ 7,378</u>	<u>\$ 4,917</u>

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses	\$ 150,011	41,783
Real estate escrow	<u>48,792</u>	<u>17,000</u>
	<u>\$ 198,803</u>	<u>\$ 58,783</u>

NOTE 7 – OTHER INCOME

	<u>2026</u>	<u>2025</u>
Sale of units	\$	\$ 9,830
Document preparation fees-resales	45,488	33,300
Credit report processing	8,729	7,471
Municipal service agreement	15,996	10,210
Late fee income	929	3,265
Violations and fines	34,872	2,450
Certificate change fees	721	1,100
Other	<u>8,823</u>	<u></u>
	<u>\$ 115,558</u>	<u>\$ 67,626</u>

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2026 AND 2025

NOTE 8 – MAINTENANCE COSTS

	<u>2026</u>	<u>2025</u>
Insurance	\$ 23,000	\$ 23,000
Maintenance contract	1,056,354	1,039,661
Golf course maintenance	20,200	12,528
Apartment maintenance	67,488	107,493
Garbage cans	17,458	8,177
Crawl space maintenance	3,270	
Exterminating	13,509	17,273
Trees and shrubs	91,355	98,230
Snow clearing	45,535	6,975
Exterior cleaning	17,890	59,279
Bus operation	90,281	90,000
Sewer repairs	7,947	21,797
Dryer vent cleaning		320
Other costs	17,723	18,761
	1,472,010	1,503,494
Less fees billed to members	<u>(124,066)</u>	<u>(73,255)</u>
	<u>\$ 1,347,944</u>	<u>\$ 1,430,239</u>

NOTE 9 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Co-Op's governing documents require 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. FWH Associates, PA, conducted a study dated June 2024 to estimate the remaining useful lives and the replacement costs of the common property components. The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimate of replacement costs considering amounts previously accumulated in the replacement fund. The table included in the unaudited supplementary information on future major repairs and replacements is based on the study.

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacement of common property components. However, actual expenditures may vary from the estimated amounts and the estimated amounts 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 Co-Op may be required to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available.

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2026 AND 2025

NOTE 10 – REPLACEMENT FUND EXPENDITURES

	<u>2026</u>	<u>2025</u>
Roof replacement	\$ 389,695	\$ 540,597
Roads, driveways and parking lot	63,758	138,680
Crawlspace repairs	169,261	153,845
Dryer, bath, kitchen vents and attic fans	94,155	125,395
Sidewalk replacement and concrete work	34,780	38,400
Electrical work and panels	31,919	36,651
Soffits	72,200	
Kitchen renovation		68,714
Auditorium floor		31,299
Well pump - golf course	6,398	7,187
Shuffle board		22,721
Clubhouse plumbing repairs	4,750	
Clubhouse a/c	62,579	3,550
Clubhouse flooring	8,104	
Sinkhole	4,158	
Gutter and leaders	3,600	
Replacement fund study		350
Other	4,052	2,232
	<u>949,409</u>	<u>1,159,621</u>
Transfer to plant fund	(949,409)	(1,157,998)
Transfer to operating fund		(1,272)
	<u>(949,409)</u>	<u>(1,159,270)</u>
	<u>\$ -</u>	<u>\$ 351</u>

NOTE 11 – INCOME TAXES

The Corporation is qualified to prepare its tax returns pursuant to the provisions of subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income.

The Cooperative is incorporated pursuant to Title 15 of the New Jersey Statutes and, therefore, is not liable for New Jersey corporation business income tax.

NOTE 12 - TRANSFERS

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Plant Fund</u>
Replacement fund expenditures	\$ -	\$ (949,409)	\$ 949,409
Transfers by resolutions		-	
	<u>\$ -</u>	<u>\$ (949,409)</u>	<u>\$ 949,409</u>

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2026 AND 2025

NOTE 13 - FAIR VALUE MEASUREMENTS

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value.

The following table summarizes the levels in the fair value hierarchy of the organization's investments at June 30:

	<u>2026</u> <u>Totals</u>	<u>Level 1</u>	<u>Level 2</u>
June 30, 2026:			
Certificates of deposit	\$ 607,000	\$ 607,000	\$
U.S. Treasury Bills	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 607,000</u></u>	<u><u>\$ 607,000</u></u>	<u><u>\$ -</u></u>
	<u>2025</u> <u>Totals</u>		
June 30, 2025:			
Certificates of deposit	\$ 600,000	\$ 600,000	\$
U.S. Treasury Bills	<u>199,520</u>	<u>199,520</u>	<u>-</u>
	<u><u>\$ 799,520</u></u>	<u><u>\$ 799,520</u></u>	<u><u>\$ -</u></u>

(Continued)

CRESTWOOD VILLAGE CO-OP, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2026 AND 2025

NOTE 14 - COMMITMENT - MAINTENANCE SERVICES

Crestwood Village Co-Op, Inc. has entered into a contract with Stanley Contracting Co., Inc. To provide maintenance services for the period July 1, 2021 until June 30, 2026. Compensation for these services are payable in twelve (12) equal monthly payments. Compensation for these services will be as follows:

Fiscal year ended:

June 30, 2026	<u>1,056,354</u>
	\$ <u><u>1,056,354</u></u>

These annual amounts are payable in twelve (12) equal monthly payments.

NOTE 15 - RETIREMENT PLAN

Effective July 1, 2001, Crestwood Village Co-Op, Inc. established a 401(k) defined contribution pension plan that covers its eligible employees. The Corporation makes annual contributions to the plan based on employee compensation. The Corporation's contributions for 2026 and 2025 amounted to \$2,535 and \$3,764, respectively.

NOTE 16 - UNCERTAINTY IN INCOME TAXES

The Co-Op regularly reviews and evaluates its uncertain tax positions taken in previously filed tax returns. The Co-Op believes that in the event of an examination by taxing authorities, the organization's positions would prevail based upon the technical merits of such positions. Therefore, the Co-Op has concluded that no tax benefits or liabilities are required to be recognized in accordance with FIN 48.

The Co-Op's federal information returns are generally subject to examination by the Internal Revenue Service Revenue Service for three years, including the years ended June 30, 2026, 2025 and 2024.

NOTE 17 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Co-Op, in its normal course of business, maintains cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation. At June 30, 2026 and 2025, the uninsured cash balances totaled \$1,651,194 and \$1,303,485, respectively.

SUPPLEMENTARY INFORMATION

CRESTWOOD VILLAGE CO-OP, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
(Unaudited)
JUNE 30, 2026

FWH Associates, PA, conducted a study dated June 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair the common property components at the end of their useful lives assuming an inflation rate of 4 percent.

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

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>
Paved surfaces	0 to 15	\$ 3,340,363
Fencing	0 to 20	69,411
Storm water management	0 to 26	1,206,980
Recreational: shuffle board, bocce, etc.	0 to 14	31,470
Miscellaneous	0 to 20	162,400
Residential buildings	0 to 35	14,050,038
Friendship hall: exterior	0 to 29	250,422
Friendship hall: interior	2 to 21	165,792
Friendship hall: mechanical	0 to 21	283,700
Maintenance: exterior	3	145,600
Maintenance: interior	7 to 23	21,723
Maintenance: mechanical	0 to 40	52,935
		<u>\$ 19,780,834</u>

The study presents a reserve study funding plan projected thirty year cash flow. The funding plan is effective as of July 1, 2024. The required annual contribution is as follows:

<u>Fiscal Year</u>	<u>Annual Contribution</u>
2024	\$ 1,108,142
2025	\$ 1,637,304
2026	\$ 2,419,153
2027	\$ 3,574,352
2028 - 2029	\$ 2,575,877
2030 - 2053	\$ 1,171,881

The Board of Trustees has funded \$756,000 in the 2025 - 2026 budget, which represents 46.17% of the amount recommended by the study. In addition, \$147,891 was collected in capital depreciation assessments (resale revenue), membership fees of \$116,600, and investment income of \$48,995 which represents an additional \$313,486 or a total of \$1,069,486 which represents 65.32% of the recommended amount.

CRESTWOOD VILLAGE CO-OP, INC.
SCHEDULE OF OPERATING REVENUES AND EXPENSES
AS COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2026

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Member assessments			
Membership assessments	\$ 4,444,704	\$ 4,444,704	\$ -
Adjustment for probable uncollectible accounts			-
Adjustment for real estate tax disabled veteran credit	<u>(3,660)</u>		<u>(3,660)</u>
Net membership assessments	<u>4,441,044</u>	<u>4,444,704</u>	<u>(3,660)</u>
Other revenues			
Investment income	317		317
Clubhouse and recreation income	900		900
Other income	<u>115,558</u>		<u>115,558</u>
Total other revenues	<u>116,775</u>	<u>-</u>	<u>116,775</u>
TOTAL REVENUES	<u>4,557,819</u>	<u>4,444,704</u>	<u>113,115</u>
EXPENSES			
Real estate taxes	1,301,024	1,314,383	13,359
Insurance	243,981	378,000	134,019
Street lighting	18,655	18,000	(655)
Legal expense	21,000	16,000	(5,000)
Audit and accounting expense	21,325	15,750	(5,575)
Clubhouse expenses	108,264	113,000	4,736
Office and administration	316,634	328,650	12,016
Replacement fund assessment	756,000	756,000	-
Depreciation	9,638		(9,638)
Maintenance costs	1,347,944	1,476,354	128,410
Water/wells		20,000	20,000
Lake maintenance	<u>10,648</u>	<u>11,000</u>	<u>352</u>
TOTAL EXPENSES	<u>4,155,113</u>	<u>4,447,137</u>	<u>292,024</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 402,706</u>	<u>\$ (2,433)</u>	<u>\$ 405,139</u>