



Annual Financial Report

Year ended December 31, 2025 | Fictional homeowner edition

ACCRUAL BASIS | USD

ANNUAL INCOME

\$154,740.00

Operating + reserve funding

YEAR-END NET ASSETS

\$143,258.00

After all sample expenses

YEAR-END RESERVES

\$138,360.00

Designated capital funds

A clear picture of the year

This fictional HOA completed the year with \$22,890 more in total fund balances after operating costs and a \$24,000 reserve-funded capital project. The board maintained separate operating and reserve records and ended the year with \$144,138 in bank cash and CDs.

Where the money went

Landscape & grounds		\$42,000.00
Capital project		\$24,000.00
Utilities		\$16,000.00
Repairs & maintenance		\$12,800.00
Insurance		\$12,500.00
Other operating costs		\$24,550.00

What homeowners should understand

Operating assessments support recurring expenses. Reserve contributions build funds for major replacements and capital work. An increase in reserve balances is not an operating surplus available for routine spending.

This is an unaudited marketing illustration, not an audit, review or assurance report. Figures do not describe a real association.



Annual Results

Year ended December 31, 2025 | Fictional homeowner edition

ACCRUAL BASIS | USD

2025 income	Amount
Operating assessments	120,960.00
Reserve contributions	30,240.00
Operating interest	180.00
Reserve interest	3,120.00
Other operating income	240.00
TOTAL INCOME	154,740.00

2025 expenses	Amount
Landscape & grounds	42,000.00
Utilities	16,000.00
Insurance	12,500.00
Repairs & maintenance	12,800.00
Legal & administration	6,000.00
Accounting services	9,450.00
Tax preparation	800.00
Other operating costs	8,300.00
TOTAL OPERATING EXPENSES	107,850.00
Reserve-funded capital project	24,000.00
TOTAL EXPENSES	131,850.00
Net change in fund balances	22,890.00

Operating surplus: \$13,530. Net reserve increase: \$9,360. Together these reconcile to the \$22,890 increase in total fund balances.



Year-End Position

Year ended December 31, 2025 | Fictional homeowner edition

ACCRUAL BASIS | USD

December 31, 2025 assets	Amount
Operating checking	5,778.00
Reserve savings	58,360.00
Certificates of deposit	80,000.00
Assessments receivable	1,200.00
Prepaid insurance	2,000.00
TOTAL ASSETS	147,338.00

Liabilities and fund balances	Amount
Accounts payable	1,050.00
Prepaid homeowner assessments	3,030.00
TOTAL LIABILITIES	4,080.00
Operating fund balance	4,898.00
Reserve fund balance	138,360.00
TOTAL FUND BALANCES	143,258.00

Continuity into the next year

The December 31 balances are the opening balances used in the 2026 monthly sample reports. This allows the reader to follow income, expenses, cash movements and reserve changes across the reporting set.

Forward agenda for the board

Review operating cash needs, confirm the annual budget, maintain timely reconciliations, and align reserve contributions and investment maturities with the reserve study and planned projects.