

**MARLBOROUGH AT DANA RANCH
COMMUNITY ASSOCIATION**

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2025
AND FOR THE YEAR THEN ENDED



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MARLBOROUGH AT DANA RANCH COMMUNITY ASSOCIATION

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To the Board of Directors of
Marlborough at Dana Ranch Community Association

Management is responsible for the accompanying financial statements of Marlborough at Dana Ranch Community Association (an Arizona corporation), which comprise the statement of assets, liabilities and members' equity - cash basis as of December 31, 2025, and the related statement of revenues, expenses and change in members' equity - cash basis for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants.

We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash financial reporting framework, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Butler Hansen, PLC

Gilbert, Arizona
June 10, 2026

MARLBOROUGH AT DANA RANCH COMMUNITY ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - CASH BASIS
DECEMBER 31, 2025

	<u>TOTAL</u>
<u>ASSETS</u>	
Cash	\$ 39,109
TOTAL ASSETS	<u>\$ 39,109</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>	
LIABILITIES	<u>\$ -</u>
MEMBERS' EQUITY	<u>39,109</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 39,109</u>

See accompanying notes to the financial statements.

**MARLBOROUGH AT DANA RANCH COMMUNITY ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN
MEMBERS' EQUITY - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>TOTAL</u>
REVENUES	
Annual Dues	\$ 1,977
Late Fees	114
Fines	150
Title Fees	1,500
TOTAL REVENUES	<u><u>3,741</u></u>
 EXPENSES	
Annual Compilation Report and Tax Preparation	970
Computer and Internet Expenses	302
Hosted Events	275
Legal Fees - Enforcement	2,338
Miscellaneous Expense	162
Office Supplies	15
Postage and Delivery	397
Reimbursements	20
Income Taxes - State	50
Telephone Expense	103
TOTAL EXPENSES	<u><u>4,632</u></u>
 EXCESS REVENUES (EXPENSES)	 (891)
 MEMBERS' EQUITY	
BEGINNING OF YEAR	 <u>40,000</u>
 MEMBERS' EQUITY	
END OF YEAR	 <u><u>\$ 39,109</u></u>

See accompanying notes to the financial statements.

MARLBOROUGH AT DANA RANCH COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 - NATURE OF THE ORGANIZATION

Marlborough at Dana Ranch Community Association (the "Association"), a non-stock homeowners association, was incorporated on May 22, 1984, under the general non-profit laws of the State of Arizona. The Association was established to provide management, maintenance and preservation of the common areas and other property owned by the Association or property placed under its jurisdiction. The Association consists of 174 single family homes, and is located in Mesa, Arizona. There is a Board of Directors elected by the member homeowners. The Board of Directors is the managing agent for the Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Association's general records and the accompanying financial statements are prepared using the cash basis method of accounting. Consequently, revenues (assessments and other income) are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Accordingly, accounts receivable due from homeowners, deferred revenues and accrued expenses are not included in the financial statements.

Cash and Cash Equivalents

The Association considers cash in operating bank accounts, money market accounts, cash on hand, and certificates of deposit, purchased with original maturity dates of three months, or less, as cash and cash equivalents. Certificates of deposit and financial instruments, with original maturities, at date of purchase, of more than three months, are classified as certificates of deposit.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes), approximate the carrying values of such amounts.

Common Property

Certain land areas were contributed by the developer, upon completion of the project, at no cost to the Association, which are not reflected in the financial statements. The contributed areas consist of party walls, gates, landscape and landscape rights-of-way, which can never be sold or subdivided. The Association has not placed a value on these assets.

Date of Management's Review

Subsequent events have been evaluated through June 10, 2026, which is the date the financial statements were available to be issued.

NOTE 3 - MAINTENANCE ASSESSMENTS AND EXPENSES

Association members are subject to annual assessments to provide funds for the Association's operating expenses and future major repairs and replacements. During 2025, the combined annual assessment was \$19.50, payable annually. Excess assessments at year end are retained by the Association for use in future periods. There is a maximum annual assessment defined in the Association's governing documents.

MARLBOROUGH AT DANA RANCH COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association's primary source of revenue is member assessments, which are earned on assessable lots or parcels located within a small geographic area. Member assessments and related receivables are subject to significant concentration of credit risk, given that they are primarily from a small geographical area, which can be impacted by similar economic conditions. Member assessments may be secured by liens upon a member's property or legal judgments. The Association monitors the collectability of these receivables and pursues collection as needed. Should the Association's collection efforts be unsuccessful, the Association could incur losses up to the full amount due.

The Association places its cash deposits and investments with financial institutions that have Federal Deposit Insurance Corporation (FDIC) coverage. At various times, deposits with these financial institutions, designated as cash, cash equivalents and investments, may exceed insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC), or other types of insurance programs.

NOTE 5 - INCOME TAXES

The Association files its income tax return as a homeowners association, in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed on its investment income and other non-exempt function income. The Association had a federal and state tax liability of \$0 and \$50, respectively, for the year ended December 31, 2025. Federal and state income taxes disbursed in the current year for the prior year were \$0 and \$50, respectively.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Association enters into various contracts for management, landscape and other services. Generally, all contracts are for one-year terms and can be canceled by either party with 30 to 90 day notifications.

NOTE 7 - UNCERTAIN TAX POSITIONS

The Association accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these professional standards, the Association recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax position for the year ending December 31, 2025.

The Association believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Association's financial condition, net income or cash flows. Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain tax provisions at December 31, 2025.

The Association is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Association believes it is no longer subject to income tax examinations by U.S. federal tax authorities for years before 2023, or by Arizona state tax authorities for years before 2022.

MARLBOROUGH AT DANA RANCH COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 - REPLACEMENT FUND

The Association has not accumulated funds for major repairs and replacements. The Association's Board of Directors has not engaged a firm to conduct a study to estimate the remaining useful lives and replacement costs of the common property components. Accordingly, amounts designated for future major repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association may increase regular assessments up to the maximum annual assessment, levy special assessments subject to member approval, borrow the funds necessary, subject to member approval, or may delay major repairs and replacements until funds are available.