



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Little Whale Cove Homeowners Association

We have reviewed the accompanying financial statements of Little Whale Cove Homeowners Association, which comprise the balance sheets as of June 30, 2025, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Little Whale Cove Homeowners Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Little Whale Cove Homeowners Association's June 30, 2024 financial statements, and our report dated January 29, 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 July 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on pages 11, 12 and 13 be presented to supplement the basic financial statements. Such information, 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 compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Hindspeith & Company, PC

Portland, Oregon
February 27, 2026

LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.

Balance Sheets

June 30, 2025 (With Comparative Totals for June 30, 2024)

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Totals</u>	
			<u>2025</u>	<u>2024</u>
ASSETS				
Cash and cash equivalents	\$ 248,432	\$ 734,534	\$ 982,966	\$ 768,510
Interfund transfers	(30,036)	30,036	-	-
Other receivables	-	-	-	2,041
Assessments receivable, less allowance for credit loss of none for 2025 and 2024	9,265	-	9,265	7,793
Prepaid insurance	11,574	-	11,574	8,472
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 239,235	\$ 764,570	\$ 1,003,805	\$ 786,816
 LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 22,647	\$ 13,415	\$ 36,062	\$ 27,902
Payroll liabilities	7,270	-	7,270	12,698
Assessments received in advance	96,445	-	96,445	63,248
Other payables - Inisfree	-	1,528	1,528	-
Income tax payable	1,197	-	1,197	5,439
Security deposits	17,950	-	17,950	15,450
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	145,509	14,943	160,452	124,737
Reserve-contracts liability	-	749,627	749,627	549,478
Fund balances	93,726	-	93,726	112,601
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ 239,235	\$ 764,570	\$ 1,003,805	\$ 786,816

See accompanying notes and independent accountants' review report

LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.
Statements of Revenue, Expenses
and Changes in Fund Balances
For the Year ending June 30, 2025 (With Comparative Totals for June 30, 2024)

	Operating Fund	Reserve Fund	Totals	
			2025	2024
REVENUE				
Member assessments	\$ 498,192	\$ 225,000	\$ 723,192	\$ 715,668
Interest income	10,028	25,171	35,199	26,589
Gate cards and remotes	1,340	-	1,340	1,240
Fees from members	55	-	55	50
Late Fees	2,250	-	2,250	300
Reserve transfer to contract liability	-	(144,550)	(144,550)	(84,396)
Other income	10,368	-	10,368	9,233
	<u>522,233</u>	<u>105,621</u>	<u>627,854</u>	<u>668,684</u>
EXPENSES				
Administration:				
Payroll and payroll taxes	218,599	-	218,599	249,170
Employee benefits	47,700	-	47,700	46,718
Professional services	19,150	-	19,150	5,598
Insurance	20,975	-	20,975	20,080
Office expense	7,844	-	7,844	9,432
Committee and conferences	16,107	-	16,107	10,599
License, fees, and permits	6,169	-	6,169	5,136
Bank charges	837	-	837	1,360
Other expenses	3,679	-	3,679	1,347
Total administration	<u>341,060</u>	<u>-</u>	<u>341,060</u>	<u>349,440</u>
Property maintenance:				
Common area	3,778	-	3,778	4,955
Major repairs and replacements	99,217	100,895	200,112	204,979
Entry gate	3,545	-	3,545	2,701
Gate house	12,792	-	12,792	14,815
Landscape	35,136	-	35,136	28,389
Recreation center	25,950	-	25,950	23,549
Roads and paths	418	-	418	652
Vehicle	5,576	-	5,576	4,773
Swimming pool	11,483	-	11,483	11,114
Tennis court	222	-	222	464
Total property maintenance	<u>198,117</u>	<u>100,895</u>	<u>299,012</u>	<u>296,391</u>
(DEFICIT) EXCESS OF REVENUE OVER EXPENSES BEFORE TAXES	(16,944)	4,726	(12,218)	22,853
Income Tax Expense	1,931	4,726	6,657	5,439
(DEFICIT) EXCESS OF REVENUE OVER EXPENSES	(18,875)	-	(18,875)	17,414
BEGINNING FUND BALANCES	112,601	-	112,601	95,187
DUES REFUNDED FROM INISFREE	-	55,599	55,599	-
PERMANENT TRANSFER TO RESERVE CONTRACTS LIABILITY	-	(55,599)	(55,599)	-
ENDING FUND BALANCES	\$ 93,726	\$ -	\$ 93,726	\$ 112,601

See accompanying notes and independent accountants' review report

LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.
Statements of Cash Flows
For the Year ending June 30, 2025 (With Comparative Totals for June 30, 2024)

	Operating Fund	Reserve Fund	Totals	
			2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficit) of revenue over expenses	\$ (18,875)	\$ -	\$ (18,875)	\$ 17,414
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided (used) by operating activities:				
(Increase) decrease in:				
Assessments receivable	(1,472)	-	(1,472)	(1,916)
Prepaid insurance	(3,102)	-	(3,102)	(2,289)
Other receivables	-	2,041	2,041	(2,041)
Reserve-contracts liability	-	200,149	200,149	84,396
Interfund transfer	(25,644)	25,644	-	-
Increase (decrease) in:				
Accounts payable	2,665	5,495	8,160	(5,475)
Payroll liabilities	(5,428)	-	(5,428)	4,006
Security deposits	2,500	-	2,500	100
Other payable - Inisfree	-	1,528	1,528	-
Income taxes payable	(4,242)	-	(4,242)	3,322
Assessments received in advance	33,197	-	33,197	(16,294)
Net Cash Provided (Used) by Operating Activities	(20,401)	234,857	214,456	81,223
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-
Net Increase (Decrease) in Cash	(20,401)	234,857	214,456	81,223
CASH, beginning of year	268,833	499,677	768,510	687,287
CASH, end of year	\$ 248,432	\$ 734,534	\$ 982,966	\$ 768,510
SUMMARY OF CASH ACCOUNTS				
Undesignated			\$ 248,432	\$ 268,833
Designated for future repairs and replacements			734,534	499,677
			\$ 982,966	\$ 768,510
Supplemental Disclosure:				
Cash paid for income taxes	\$ -	\$ -	\$ 10,151	\$ 2,118

See accompanying notes and independent accountants' review report

LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and June 30, 2024

DESCRIPTION OF ORGANIZATION-

Little Whale Cove (Association) is a homeowners association organized under Oregon Planned Community Act for the purpose of maintaining and preserving common property of Little Whale Cove. Little Whale Cove consists of 268 residential units. The Association occupies a site of approximately 140 acres in Depoe Bay, Oregon. The Association was incorporated in the state of Oregon in April, 1977.

DATE OF MANAGEMENT'S REVIEW-

In preparation of the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 27, 2026, the date that the financial statements were available to be issued. No items were noted.

SUMMARY OF SIGNIFICANT POLICIES-

Fund accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating fund

This fund is used to account for financial resources available for the general operations of the Association.

Reserve fund

This fund is used to accumulate financial resources designated for future major repairs and replacements. Disbursements from this fund may be made only for designated purposes.

Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Association has funds in U.S. Treasury Bills which are considered cash equivalents.

LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and June 30, 2024

SUMMARY OF SIGNIFICANT POLICIES-(Continued)

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. 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 is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to assess penalties after thirty days on unpaid assessments and to retain legal counsel and place liens on the properties of homeowners whose assessments are sixty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. The balances of assessments receivable as of the beginning and end of the year are \$7,793 and \$9,265, respectively.

Revenue recognition

Assessments and membership dues are billed in advance and are recognized as income when earned. Revenue billed or received, but not earned, is shown as unearned revenue and Reserve-contract liability in the liabilities section of the accompanying balance sheets. All other fees and charges are recognized when the Association's services have been provided. Revenue is not recognized until assessments are collected and adjustments are recorded as contra revenue-bad debt expense.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various 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. Actual results could differ from these estimates.

Interest income

In the year ended June 30, 2025, the interest was allocated to the fund in which it was earned.

LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and June 30, 2024

SUMMARY OF SIGNIFICANT POLICIES-(Continued)

Income taxes

Homeowners associations may be taxed either as homeowners' associations or as regular corporations.

Under the election to be taxed as a homeowners' association, the Association is taxed on its net nonexempt function income, such as interest earnings, at a flat 30% for federal, plus state. Exempt function income, which consists primarily of member assessments, is not taxable. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its net non-membership income, such as interest earnings, at regular federal and state corporate rates.

Property, improvements and equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association's duty is to maintain these assets after transfer.

The Association capitalizes all purchased equipment to which it has title or other evidence of ownership. At June 30, 2025 and 2024, property not capitalized consists of a recreational building, a swimming pool and pool equipment building, parking spaces, fences, grounds, walkways, landscaping and any real property directly associated with the units. Equipment, if acquired by the Association, is recorded at cost.

Depreciation

Equipment, if acquired, is depreciated over its estimated useful life using the straight-line method of depreciation.

Other comprehensive income

The Association has no components of other comprehensive income. Other comprehensive income consists of net unrealized gains or losses from certain securities.

ASSESSMENTS RECEIVABLE-

At June 30, 2025, the Association had assessments receivable of \$9,265 (\$7,793 at June 30, 2024). The Association at June 30, 2025 and 2024 has determined no allowance for credit loss is necessary as all dues are deemed collectible.

LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 (Audited) and June 30, 2024 (Reviewed)

FUTURE MAJOR REPAIRS AND REPLACEMENTS-

Little Whale Cove Homeowners Association maintains a Reserve Study and Fund for all General Common Elements throughout Little Whale Cove, including those for Little Whale Cove Condominium Association and Innisfree Patio Homeowners Condominium Association. The maintenance, repair and replacement of these assets of the three associations are listed in the Reserve Study, along with location, description, estimated useful life, and estimated schedule and cost of the appropriate maintenance/repair/replacement activity. The Reserve Study is developed and annually updated by the Little Whale Cove Reserve Committee with the assistance of a professional engineering firm for the benefit of the Little Whale Cove community. The information provided in this report satisfies the requirements stipulated in ORS 100.175 for a maintenance manual and reserve study for both Little Whale Cove Condominium Association and Innisfree Patio Homeowners Condominium Association.

During April 2025, the Board received an updated reserve study from an independent consultant without a site visit to estimate the remaining useful lives and replacement costs of the components of common property. Funding requirements assume an annual 3.0 percent inflation rate and 3.5 percent rate of investment earnings based on full funding. The table included in the compiled Supplementary Information on Future Major Repairs and Replacements is based on the study using estimated expenditures.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the reserve fund. The funding requirement of \$232,884 was estimated and included in the June 30, 2026 general budget.

Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right to increase regular assessments, levy special assessments, subject to member approval, or it may delay major repairs and replacements until funds are available.

CONTRACTS LIABILITY (Assessments Received in Advance-Reserve Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-reserve fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. During the current year, the Association assessed and received \$225,000 in the replacement fund. The balances of contract liabilities (assessments received in advance-reserve fund) as of the beginning and end of the year are \$549,478 and \$749,627, respectively.

LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and June 30, 2024

INCOME TAXES-

Income taxes for the years ended June 30, consist of the following:

		<u>2025</u>	<u>2024</u>
Current:	Federal	\$ 5,388	\$ 4,458
	State	<u>1,269</u>	<u>981</u>
		<u>\$ 6,657</u>	<u>\$ 5,439</u>

The Association has elected to file as an 1120-H for the years ended June 30, 2025 and 2024. The Association has no deferred tax assets or liabilities. The returns have not been examined by taxing authorities and all returns from June 30, 2023 to present are subject to examination.

CONCENTRATION OF CREDIT RISK-

The Association had accounts on hand at one financial institution which exceed depositor's insurance provided by the applicable guarantee agency at June 30, 2025 by \$110,343 (none at June 30, 2024). The Federal Deposit Insurance Corporation has determined that noninterest-bearing accounts are aggregated with interest-bearing deposits for a combined insured total of \$250,000 per depositor per bank. The Association also has U.S. Treasury bills. The FDIC does not insure U.S. Treasury bills, bonds or notes, but these investments are backed by the full faith and credit of the United States government. The Association does not believe its risk to be significant.

RELATED PARTY-

The Association provides management services, oversight and bookkeeping to Innisfree Patio Homeowners Condominium Association and Little Whale Cove Condominium Association, which are located within the Association and whose members are also members of the Association.

**LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (COMPILED)**

June 30, 2025

The Association's Board of Directors hired an independent consultant to update a reserve study for the year ended June 2025 to estimate the remaining useful lives and replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs are updated on individual components of the reserves at various times. The study includes items with remaining lives of between 3 and 30 years.

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

	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Cost	Estimated 2026 Expenses
<u>Roadways</u>			
<u>Components</u>			
Asphalt	0 to 7	303,149	73,719
		<u>\$ 303,149</u>	<u>\$ 73,719</u>
<u>Clubhouse</u>			
<u>Components</u>			
Enclosure	0 to 24	272,350	4,244
Roofs & Decks	0 to 4	253,765	531
Doors & Windows	0 to 8	21,500	531
Electrical	2 to 20	82,550	-
Plumbing & Drainage	1 to 20	61,000	-
Heating & Cooling	0 to 23	67,500	2,122
Fire Safety	0 to 12	14,000	531
Floors	8	18,500	-
Window Coverings	8	2,500	-
Interior Painting	5 to 9	37,500	-
Furnishings	9	5,000	-
Amenities	0 to 17	124,350	37,450
Equipment	0 to 6	11,400	3,395
Amenities - Furnishings	5 to 25	38,000	-
		<u>\$ 1,009,915</u>	<u>\$ 48,804</u>

See independent accountant's review report

**LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (COMPILED) (Continued)**

June 30, 2025

	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Cost	Estimated 2026 Expenses
Gatehouse			
<u>Components</u>			
Enclosure	4	4,263	-
Roofs & Decks	2 to 4	13,590	-
Walls	3 to 12	43,100	-
Windows	10	3,000	-
Electrical	0 to 17	16,000	3,714
Plumbing & Drainage	5 to 10	14,000	-
Heating & Cooling	2 to 20	7,500	-
Floors	6	15,000	-
Interior Painting	8	1,500	-
Amenities - Furnishings	2 to 4	6,000	-
		\$ 123,953	\$ 3,714
Maintenance Building			
<u>Components</u>			
Walls	4 to 23	28,600	-
Furnishings	9	2,000	-
Hard Landscaping	1	2,500	-
		\$ 33,100	\$ -
Pool			
<u>Components</u>			
Roofs & Decks	1	29,340	-
Windows	3	15,000	-
Electrical	12 to 13	19,500	-
Heating & Cooling	4 to 5	11,000	-
Walls	2 to 13	20,000	-
Furnishings	8	800	-
Pool	0 to 28	103,870	4,350
		\$ 199,510	\$ 4,350

See independent accountant's review report.

**LITTLE WHALE COVE HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (COMPILED) (Continued)**

June 30, 2025

	Estimated Remaining Useful Lives <u>(Years)</u>	Estimated Current Replacement <u>Cost</u>	Estimated 2026 <u>Expenses</u>
<u>Site and Infrastructure</u>			
<u>Components</u>			
General & Inspections	0 to 1	7,700	4,775
Security	2 to 6	43,900	-
Amenities	3 to 24	104,300	-
Site Services	0 to 27	380,635	44,031
		<u>\$ 536,535</u>	<u>\$ 48,806</u>
 Total		 <u>\$ 2,206,162</u>	 <u>\$ 179,393</u>

The Association has elected to not allocate monies in the reserve fund to individual components. The balance in the Reserve-contracts liability at June 30, 2025 was \$749,627.

See independent accountant's review report