<u>REPORTS</u>

Treasurer's Report

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Parkfairfax Unit Owners Association
for period ending May 31, 2026 (end of fiscal year Pre-Audit)

<u>Overall Financial Position</u>

As we end Parkfairfax's fiscal year (ending May 31) with a solid financial position. Total assets were approximately $12.2 million, with $10.1 million in reserve cash investments and total owners' equity of $10.14 million.

Revenue continues to outperform budget, personnel costs remain well controlled, and repair and maintenance expenses are favorable overall. While utilities, legal collections, technology-related administrative expenses, and several seasonal contract costs continue to warrant close monitoring, the Association maintains a strong cash position, healthy reserve balances, and a year-to-date operating surplus of $696,293, positioning it well for the next fiscal year (FY27, which started June 1).

<u>OPERATING ACCOUNT PERFORMANCE</u>

Year-to-date operating income totaled $13.07 million, exceeding budget by approximately $708,800. The favorable revenue position continues to be driven by stronger-than-expected investment earnings, reserve interest, sale proceeds, collection charges, legal fee recoveries, and in-unit service fees.

Several of these variances are attributable to accounting reclassifications completed during the transition from the previous management company rather than operational performance.

<u>Key Expense Notes</u>

Total year-to-date expenses, including reserve transfers, were $12.37 million, only $12,504 over budget, reflecting overall budget performance that remains essentially on target despite several significant individual variances. The Association reports a year-to-date net operating excess of $696,293.

Utilities

Utility expenses remain one of the largest areas requiring monitoring. Year-to-date utility expenses are approximately $106,800 over budget, driven primarily by water and gas costs. Both the BUC and Management are working together to address water issues and the extreme variance we are seeing month to month.

Contracts

Contract expenses are approximately $17,600 over budget year-to-date. Mostly due to updated costs on trash (additional dumping fees were added in early 2026) and the Snowcrete storm this winter.

Repair & Maintenance
Repair and maintenance expenses continue to perform favorably overall, ending the year under budget by $102,200.

Positive variances include:

- Landscaping projects
- Landscaping enhancements
- Plumbing supplies
- General repairs

Areas exceeding budget include:

- Tree pruning
- Maintenance supplies
- Vehicle repairs
- Pool repairs
- Janitorial supplies
- In-unit supplies

Many of the monthly variances reflect seasonal work or accounting reclassifications completed during the management transition.

Professional and Administrative Expenses
Professional services are approximately $44,700 over budget, driven primarily by legal collection activity.

Administrative expenses are approximately $23,600 over budget, largely attributable to:

- Computer programming
- IT support
- Office expenses
- Newsletter production

Taxes and Insurance
Taxes and insurance remain approximately $146,600 under budget year-to-date, primarily due to lower-than-budgeted income tax expense, partially offset by higher insurance premiums and real estate taxes.

<u>RESERVE FUND</u>
Reserve balances remain strong. Through the end of the year with the fund topping $4.10 million, including $217,194 in reserve interest earnings. Reserve expenditures totaled $3.06 million.

Major reserve projects funded during the year include:

- Flat roof repairs
- HVAC replacements
- Building exterior improvements
- Waterproofing
- Riser replacement
- Sidewalk replacement

<u>OWNER ASSESMENT DELINQUENCIES</u>
Owner assessment delinquencies are totaling $489,371, representing 4.1% of annual budgeted assessments. Please note this is above the preferred 3% threshold (industry standard) and I will be working with Management on a plan on how to reduce this risk.