COUNTRY HOLLOW CONDOMINIUM
OWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
DECEMBER 31, 2025

TABLE OF CONTENTS

Armstrong, Vaughan & Associates, P. C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Country Hollow Condominium Owners Association, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Country Hollow Condominium Owners Association, Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Country Hollow Condominium Owners Association, Inc. as of December 31, 2025 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Country Hollow Condominium Owners Association, 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 Country Hollow Condominium Owners Association, Inc.'s ability to continue as a going concern for 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 GAAS 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.

941 West Byrd Blvd., Suite 101 • Universal City, Texas 78148
Phone: 210-658-6229 • Fax: 210-659-7611 • Email: info@avacpa.com • www.avacpa.com

In performing an audit in accordance with GAAS, 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 Country Hollow Condominium Owners Association, 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 Country Hollow Condominium Owners Association, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page 11 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 who 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.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.
June 12, 2026

COUNTRY HOLLOW CONDOMINIUM OWNERS ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 30,122	$ 110,367	$ 140,489
Accounts Receivable - Members	39,305	-	39,305
Accounts Receivable - Other	838	-	838
Allowance for Credit Losses	(23,061)	-	(23,061)
Prepaid Insurance	7,679	-	7,679
Prepaid Expenses	18,029	-	18,029
Total Current Assets	72,912	110,367	183,279
Property, Plant, and Equipment:			
Machinery and Equipment	12,911	-	12,911
Furniture and Fixtures	3,805	-	3,805
Accumulated Depreciation	(9,530)	-	(9,530)
Total Property, Plant, and Equipment	7,186	-	7,186
TOTAL ASSETS	$ 80,098	$ 110,367	$ 190,465
LIABILITIES AND FUND BALANCE			
Current Liabilities:			
Accounts Payable	$ 5,623	$ -	$ 5,623
Payroll Tax Liabilities	6,064	-	6,064
Prepaid Assessments	23,087	-	23,087
Total Current Liabilities	34,774	-	34,774
Fund Balance	45,324	110,367	155,691
TOTAL LIABILITIES AND FUND BALANCE	$ 80,098	$ 110,367	$ 190,465

The accompanying notes are an integral part of these financial statements.

COUNTRY HOLLOW CONDOMINIUM OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Total
REVENUES			
Member Assessments	$ 436,014	$ -	$ 436,014
Special Assessment	56,949		56,949
Late Fees	1,405	-	1,405
Cable Revenue	5,310	-	5,310
Transfer Fees	1,700	-	1,700
Miscellaneous Income	5,646	-	5,646
Bank Interest	-	1,613	1,613
TOTAL REVENUES	507,024	1,613	508,637
EXPENSES			
General and Administration:			
Salaries and Wages	185,037	-	185,037
Insurance	81,361	-	81,361
Payroll Taxes	14,894	-	14,894
Office Supplies and Postage	11,166	-	11,166
Professional Fees	7,915	-	7,915
Other Administrative Expenses	6,842	-	6,842
Depreciation	2,014	-	2,014
Total General and Administration	309,229	-	309,229
Utilities:			
Water and Sewer	56,977	-	56,977
Trash Collection	19,348	-	19,348
Electricity	8,310	-	8,310
Telephone	3,161	-	3,161
Total Utilities	$ 87,796	$ -	$ 87,796

The accompanying notes are an integral part of these financial statements.

COUNTRY HOLLOW CONDOMINIUM OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Total
EXPENSES (CONT.)			
Repairs & Maintenance:			
Building Repairs	$ 14,376	$ -	$ 14,376
Pool Maintenance	13,451	206	13,657
Common Area Supplies	12,123	-	12,123
Other Repairs and Maintenance	11,693	8,967	20,660
Access Gate Repairs	5,260	-	5,260
Landscape Service	4,857	29,547	34,404
Electrical Repairs	4,604	422	5,026
Exterminator Expenses	2,580	-	2,580
Contract Labor	2,340	-	2,340
Patio & Walkway Repairs	78	-	78
Balcony Repairs	-	5,500	5,500
Total Repairs & Maintenance	71,362	44,642	116,004
TOTAL EXPENSES	468,387	44,642	513,029
Excess (Deficiency) of Revenues Over (Under) Expenses	38,637	(43,029)	(4,392)
BEGINNING FUND BALANCE	71,990	88,093	160,083
Transfers Between Funds	(65,303)	65,303	-
ENDING FUND BALANCE	$ 45,324	$ 110,367	$ 155,691

The accompanying notes are an integral part of these financial statements.

COUNTRY HOLLOW CONDOMINIUM OWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over (under) expenses	$ 38,637	$ (43,029)	$ (4,392)
Adjustments to reconcile excess (deficiency) of revenues revenues over (under) expenses to net cash provided (used) by operating activities:			
Depreciation	2,014	-	2,014
(Increase) Decrease in:			
Accounts Receivable - Members	(10,503)	-	(10,503)
Accounts Receivable - Other	183	-	183
Prepaid Insurance	77,304	-	77,304
Prepaid Expense	(18,029)	-	(18,029)
Increase (Decrease) in:			
Accounts Payable	4,579	-	4,579
Payroll Tax Liabilities	3,611	-	3,611
Accrued Payroll	(4,167)	-	(4,167)
Federial Income Tax Payable	(531)	-	(531)
Prepaid Assessments	(30,693)	-	(30,693)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	62,405	(43,029)	19,376
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer Between Funds	(85,528)	85,528	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(85,528)	85,528	-
NET INCREASE (DECREASE) IN CASH	(23,123)	42,499	19,376
BEGINNING CASH AND CASH EQUIVALENTS	53,245	67,868	121,113
ENDING CASH AND CASH EQUIVALENTS	$ 30,122	$ 110,367	$ 140,489
SUPPLEMENTAL DISCLOSURE:			
Federal Taxes Paid	$ 531	$ -	$ 531
Interest Expense Paid	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

NOTE 1 -- NATURE OF ORGANIZATION

Country Hollow Condominium Owners Association, Inc. was incorporated in San Antonio, Texas, as a nonprofit association in June 1981. The Association was established for the exclusive purpose of promoting the health, security, safety and welfare of the residents of the property. Country Hollow Condominium Owners Association, Inc. consists of 142 residential units. The financial statements of the Association have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to Common Interest Realty Associations.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on use of financial resources, 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.

Replacement Fund -- This fund is used to accumulate financial resources designated for major repairs and replacement.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in checking and money market accounts.

C. MEMBER ASSESSMENTS

Association members are subject to monthly assessments for the improvement and maintenance of the Common Area and the buildings situated upon the properties; for the enforcement of any restrictions of the Association; and for the payment of any insurance premiums, utilities and similar expenses for which the Association is responsible. 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 are satisfied over the period of the assessments on a monthly pro-rata basis using the input method. The performance obligations related to replacement fund assessments for specific repairs 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 retain legal counsel and place liens on the properties of owners whose assessments are thirty days or more delinquent. An allowance for credit losses has been established as of December 31, 2025 in the amount of $23,061 per management's estimate. Because of the Association's collection history and legal standing to enforce payment, the Association considers the collection of assessments levied to be probable at the time of assessment. The balance of assessments receivable as of the beginning and end of the year are $28,802 and $39,305, respectively.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. PROPERTY AND EQUIPMENT

In accordance with industry standard practice, real property and common areas acquired from developer and related improvements to such property are not reflected on the Association's financial statements. These common areas include, but are not limited to, roofs, exterior walls, pool, spa, clubhouse, driveways, paving and retaining walls. Those properties are owned by the individual unit owners in common and not by the Association.

The Association recognizes personal property assets to which it has title at cost. The property is depreciated over its estimated useful life using the straight-line method of depreciation. Estimated useful lives by asset classification are as follows:

Machinery and Equipment	5-10 years
Furniture and Fixtures	10 years

E. CONTRACT LIABILITIES

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations. The balances of contract liabilities (stated as prepaid assessments on the Balance Sheet) as of the beginning and end of the year are $53,780 and $23,087, respectively.

F. FISCAL YEAR

The Association has a fiscal year beginning on January 1 of each year and ending on December 31.

G. 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. Actual results could differ from those estimates.

H. SUBSEQUENT EVENTS

Subsequent events were considered through June 12, 2026, which is the date the financial statements were available to be issued.

NOTE 3 -- SPECIAL ASSESSMENT

During the current year, the Association levied a one-time special assessment totaling $56,949 based upon percentage of ownership by owner square footage. The purpose of the special assessment was to replenish funds in the Replacement Fund.

NOTE 4 -- FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require the Association establish adequate reserve funds for future major repair and replacement of Common Area components. This reserve is to be funded by regular assessments. A reserve study was prepared by Lee Edwards, PLLC in August 2013 to estimate the remaining useful lives and the replacement costs of the common property components. The table included in the unaudited required supplementary information is based on this study.

Because funding is based on estimates, actual needs may vary significantly from the study and this variance could be material. Monies accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. Thus, the Board has the right to raise regular assessments or levy a special assessment to meet these needs.

NOTE 5 -- FEDERAL INCOME TAXES

The Association qualifies as a tax-exempt Association for all income and expenses related to its exempt function purposes, (i.e., the acquisition, construction, management, maintenance and care of Association property). The net nonexempt income from earned interest and nonmember fees is taxed at 21% or 30% by the federal government, dependent upon certain filing elections made. Membership income is exempt from taxation if certain elections are made. The Association filed an IRS Form 1120-H resulting in zero tax expense.

Accounting principles generally accepted in the United States of America require the Association management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Association, and has concluded that as of December 31, 2025, there are no uncertain positions taken, or expected to be taken, that would require recognition as a liability (or asset) or disclosure in the financial statements. The Association is subject to routine examinations by taxing authorities; however, there are currently no examinations for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2022.

NOTE 6 -- LITIGATION

The Association is not aware of any pending or threatened litigation.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

COUNTRY HOLLOW CONDOMINIUM OWNERS ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS & REPLACEMENTS
DECEMBER 31, 2025
(UNAUDITED)

Lee Edwards, PLLC prepared a reserve study in August 2013. The estimates below were obtained from the reserve study and estimates may vary significantly from actual costs. The following table is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Components of Fund Balance at 12/31/2025
Common Areas	0-28	$ 286,238	$ -
Maintenance	0-15	12,945	-
Office	0-13	10,303	-
Clubhouse	0-15	30,735	-
Pool	0-25	44,314	-
Electrical, Structural & Plumbing	0-7	27,042	-
Unallocated		-	110,367
		$ 411,577	$ 110,367

Reserve Study Anticipated Replacement Fund Balance at December 31, 2025		$ 333,933
Percent of Reserve Study Anticipated Replacement Fund Balance on Hand		33.1%
Reserve Study Recommended Annual Contribution:	2026	$ 42,562
(Not accounting for previous funding)	2027	$ 43,653
	2028	$ 42,996