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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Eagle Crest Master Association

We have audited the accompanying financial statements of Eagle Crest Master Association, which comprise of the balance sheets as of December 31, 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of Eagle Crest Master Association as of December 31, 2024, 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. 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 Eagle Crest Master Association 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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 Eagle Crest Master Association's ability to continue as a going concern within 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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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 Eagle Crest Master Association'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 Eagle Crest Master Association'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.

Report on Summarized Comparative Information

We have previously audited the Eagle Crest Master Association's December 31, 2023 financial statements, and our report dated December 2, 2024 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Disclaimer of Opinion on 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 pages 18 through 19 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, 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 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.

Hulsptau Company, PC

Portland, Oregon
October 31, 2025

EAGLE CREST MASTER ASSOCIATION

BALANCE SHEETS

December 31, 2024 (With Comparative Totals for 2023)

	Operating Fund	Replacement Fund	Totals 2024	Totals 2023
ASSETS				
Cash and cash equivalents	$ 114,026	$ 1,894,056	$ 2,008,082	$ 1,362,043
Certificates of deposit, current portion	317,288	248,832	566,120	799,694
Receivables - assessments, net of allowance for credit loss of none	207,124	-	207,124	205,260
Related parties receivables	48,035	-	48,035	102,681
Prepaid expenses	119,971	-	119,971	85,687
Prepaid income taxes	-	8,271	8,271	9,514
Interfund transfers	(26,567)	26,567	-	-
Inventory	13,592	-	13,592	12,682
Current portion of Marketable Securities	-	21,423	21,423	150,817
Total Current Assets	793,469	2,199,149	2,992,618	2,728,378
RIGHT OF USE ASSET	803,000	-	803,000	963,600
CERTIFICATES OF DEPOSIT, less current portion	-	-	-	248,832
INVESTMENT IN MARKETABLE SECURITIES, less current portion	-	126,611	126,611	118,034
Total Assets	$ 1,596,469	$ 2,325,760	$ 3,922,229	$ 4,058,844
LIABILITIES AND FUND BALANCES				
Accounts payable	$ 219,810	$ 21,780	$ 241,590	$ 255,348
Prepaid dues	43,550	-	43,550	9,459
Payables to related parties	2,233	-	2,233	6,397
Total Current Liabilities	265,593	21,780	287,373	271,204
OPERATING LEASE LIABILITY	803,000	-	803,000	963,600
RESERVE-CONTRACTS LIABILITY	-	2,303,980	2,303,980	2,314,773
Fund Balances	527,876	-	527,876	509,267
Total Liabilities and Fund Balances	$ 1,596,469	$ 2,325,760	$ 3,922,229	$ 4,058,844

The accompanying notes are an integral part of these statements

EAGLE CREST MASTER ASSOCIATION

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2024 (with Comparative Totals for 2023)

	Operating Fund	Replacement Fund	Totals 2024	Totals 2023
REVENUE				
Member assessments	$ 206,322	$ 371,658	$ 577,980	$ 529,309
Reserve transfer to contracts liability	-	10,793	10,793	(181,821)
Water and sewer	564,811	-	564,811	497,128
Golf course lease	42,188	-	42,188	40,761
Sports Center user fees	801,568	-	801,568	784,809
Sports Center, other operating	192,001	-	192,001	179,626
Interest income	17,993	105,384	123,377	81,274
Miscellaneous	98,103	-	98,103	90,947
	1,922,986	487,835	2,410,821	2,022,033
EXPENSES				
Facilities:				
Repairs and maintenance	17,160	-	17,160	21,895
Pool and spa expenses	30,201	-	30,201	28,924
Utilities	8,718	-	8,718	8,839
Snow removal	6,725	-	6,725	1,958
Property taxes	4,414	-	4,414	4,132
Insurance	26,151	-	26,151	26,748
Consultants and travel	25,955	-	25,955	25,880
Postage, printing and licenses	5,856	-	5,856	6,655
Management fees	29,795	-	29,795	28,790
Eagle Crest Acquisition Group, LLC charges for:				
Safety services	56,970	-	56,970	55,043
Resort management services	39,212	-	39,212	37,886
General administrative	40,031	-	40,031	36,424
Landscaping	181,850	-	181,850	175,916
Total facilities expenses	473,038	-	473,038	459,090
Water and Sewer System:				
Repairs and maintenance	16,859	486,592	503,451	195,679
Pumping costs	33,779	-	33,779	38,190
Property taxes	9,112	-	9,112	8,960
Insurance	8,626	-	8,626	5,288
Consultants	6,119	-	6,119	57,879
Management fees	34,722	-	34,722	31,926
Other operating	11,680	-	11,680	3,574
Utility system management fee	160,136	-	160,136	156,100
Eagle Crest Acquisition Group, LLC charges for:				
Safety services	27,648	-	27,648	26,713
General administrative	17,656	-	17,656	17,059
Total water and sewer expenses	326,337	486,592	812,929	541,368

EAGLE CREST MASTER ASSOCIATION

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2024 (with Comparative Totals for 2023)

(Continued)

Sports Center:				
Cost of sales	101,742	-	101,742	94,782
VROA Sports Center lease:				
Management fees	61,949	-	61,949	60,178
Property taxes	27,968	-	27,968	26,702
Insurance	63,405	-	63,405	50,900
Linen cleaning	26,041	-	26,041	22,485
Supplies	15,920	-	15,920	12,599
Lease payment	600	-	600	600
VROA reserve contribution	166,400	-	166,400	160,000
Other operating	26,493	-	26,493	25,127
Utilities	74,503	-	74,503	79,258
Repairs and maintenance	54,968	-	54,968	53,759
Eagle Crest Acquisition Group, LLC charges for:				
Sports center payroll	288,050	-	288,050	267,150
Pool and spa payroll	37,491	-	37,491	36,223
Safety services	44,301	-	44,301	42,803
Resort management services	10,443	-	10,443	10,089
General administrative	70,989	-	70,989	68,588
Landscaping	17,629	-	17,629	17,033
Night audit	16,110	-	16,110	15,565
Total sports center lease cost	1,003,260	-	1,003,260	949,059
Total sports center expenses	1,105,002	-	1,105,002	1,043,841
	1,904,377	486,592	2,390,969	2,044,299
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES BEFORE TAXES	18,609	1,243	19,852	(22,266)
Income tax expense	-	1,243	1,243	500
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	18,609	-	18,609	(22,766)
BEGINNING FUND BALANCES	509,267	-	509,267	532,033
ENDING FUND BALANCES	$ 527,876	$ -	$ 527,876	$ 509,267

The accompanying notes are an integral part of these statements

EAGLE CREST MASTER ASSOCIATION

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2024 (with Comparative Totals for 2023)

	Operating Fund	Replacement Fund	Totals 2024	Totals 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess of revenue over expenses	$ 18,609	$ -	$ 18,609	$ (22,766)
Adjustments to reconcile excess of revenue over expenses to net cash provided (used) by operating activities:				
(Increase) decrease in:				
Related party receivables	54,646	-	54,646	(39,105)
Assessments receivable	(1,864)	-	(1,864)	(59,545)
Prepaid expenses	(34,284)	-	(34,284)	(5,182)
Prepaid income taxes	-	1,243	1,243	500
Inventory	(910)	-	(910)	4,681
Right of use asset	(160,600)		(160,600)	(160,600)
Increase (decrease) in:				
Accounts payable	(28,063)	14,305	(13,758)	160,729
Prepaid dues	34,091	-	34,091	5,909
Reserve-contracts liability	-	(10,793)	(10,793)	181,821
Payables to related parties	(4,164)	-	(4,164)	5,914
Operating lease liability	160,600	-	160,600	160,600
Net cash provided (used) by operating activities	38,061	4,755	42,816	232,956
CASH FLOWS FROM INVESTING ACTIVITIES				
Certificates of deposits redeemed (purchased)	(11,390)	493,796	482,406	206,403
Return of principal-marketable securities	-	120,817	120,817	(93,748)
Net cash provided (used) by investing activities	(11,390)	614,613	603,223	112,655
CASH FLOWS FROM FINANCING ACTIVITIES				
Interfund transfers	(31,578)	31,578	-	-
Net cash provided (used) by financing activities	(31,578)	31,578	-	-
NET(DECREASE) INCREASE IN CASH	(4,907)	650,946	646,039	345,611
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	118,933	1,243,110	1,362,043	1,016,432
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 114,026	$ 1,894,056	$ 2,008,082	$ 1,362,043
SUMMARY OF CASH ACCOUNTS				
Operating fund			$ 114,026	$ 118,933
Replacement fund			1,894,056	1,243,110
			$ 2,008,082	$ 1,362,043
Supplemental Disclosure:				
Cash paid for income taxes	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of theses statements

EAGLE CREST MASTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

DESCRIPTION OF ORGANIZATION-

Eagle Crest Master Association was incorporated on June 24, 1985 in the state of Oregon as a non-profit homeowners' association. The Association is responsible for the operation and maintenance of property and facilities common to all owners at Eagle Crest. The Eagle Crest Resort is located by the Deschutes River near Redmond, Oregon with over 500 acres developed.

The development consists of over 500 living units which are composed of whole and fractional ownership units, residential homesites and some commercial properties. All owners belong to the Master Association and with the exception of only certain commercial properties and WorldMark units, all owners also belong to either the Eagle Crest Vacation Resort Owners Association, Fairway Vista Estates, Inc., River View Vista Estates, Inc., Eagle Crest Hotel Condominiums or the Eagle Crest Estates Homesite Association.

DATE OF MANAGEMENT'S REVIEW-

In preparation of the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 31, 2025, 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.

Replacement fund

The replacement fund is composed of the portion of the annual assessments designated in the budget to fund major repairs and replacements. Disbursements from this fund generally may be made only for designated purposes.

Cash and cash equivalents

The Association considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

SUMMARY OF SIGNIFICANT POLICIES-(Continued)

Investments in marketable securities

Marketable securities, which consist of mortgage-backed securities, certificates of deposit and treasury money market funds are carried at amortized cost which approximates market at the balance sheet date. The cost is determined with premiums and discounts amortized over collections. No unrealized gains or losses were recorded during 2024 nor 2023.

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 may share in the loss of fees not collected by their member Associations. 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 $205,260 and $207,124, 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 judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates in determining financial position and results of operations during the reporting period. Actual results could differ from these estimates.

Interest earned

Interest earned in the funds is allocated by a decision of the Board of Directors. During 2024 and 2023, interest was allocated to the fund in which it was earned.

SUMMARY OF SIGNIFICANT POLICIES-(Continued)

Income taxes

The Association is subject to federal and state taxation. As a regular corporation, membership income may be exempt from taxation if certain elections are made, and the Association is then taxed only on its net nonmembership income. Eagle Crest Master Association is not able to file as a Homeowner's Assocation due to having income from nonowners in excess of allowable limits.

Property, improvements and equipment

Common property consists of common area land and improvements that were contributed by the developer or acquired by the Association with member assessments.

In accordance with generally accepted accounting principles for common interest realty associations, such common property is not recognized as an asset since it is not anticipated that the common areas will generate significant revenues from members or nonmembers on the basis of usage. In addition, the Association's ability to sell, lease or transfer common property is restricted by the governing documents and the Oregon Planned Community Act. At December 31, 2024 and 2023, property not capitalized consists of roads, wells, sewer system, parks, lakes, bike paths, pools, sidewalks, access roads, golf course and greenbelts. Property and equipment acquired by the Association, if required to capitalize, are recorded at cost.

Leases

The Company combines and accounts for lease components as a single lease component for leases of pool equipment. The discount rates related to the Company's lease liabilities are generally based on estimates of the Company's incremental borrowing rate, as the discount rates implicit in the Company's leases cannot be readily determined and is not necessary since no leases are financing leases. The right of use asset and operating lease liability are not recorded according to homeowner association rules that prevent assets from being recorded. The Association has adopted the practical expedient method of combining lease and non-lease into a single component for accounting purposes.

Other comprehensive income

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

EAGLE CREST MASTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

ASSESSMENTS AND FEES RECEIVABLE-

The Association has regular billings for its water and sewer system, Joint Use Agreement fees and member dues. The Association's policy is to pursue collection on all billings. At December 31, 2024, the Association had assessments receivable of $207,124 ($205,260 in 2023). The Board of Directors has not established a reserve for 2024 or 2023 to cover all fees not received at a member Association level. The Association had no bad debt recovery for the years ended December 31, 2024 and 2023.

INVENTORIES-

Inventories are valued at the lower of cost or market. The inventory on hand at December 31, 2024 and 2023 consists of gift shop and convenience store inventory.

INVESTMENTS-

The Association purchases mortgage-backed financial liabilities and certificates of deposit to invest surplus cash in the Replacement Fund. Investments with over a three-month maturity were:

Oprating Fund Certificates of Deposit	Maturity Date	Interest Rate	Market Balance	Unrealized (Gain) Loss	Accrued Interest	2024 Adjusted Cost Balance	2023 Adjusted Cost Balance
Simmons Bank	January 2024	3.34%	$ -	$ -	$ -	$ -	$ 75,844
Wilmington Sg Fund	January 2024	3.34%	-	-	-	-	127,854
Passumpsic Savings Bank	June 2024	3.92%	-	-	-	-	51,087
Western Alliance Bank	June 2024	4.01%	-	-	-	-	51,113
Bank of America	January 2025	4.21%	210,807	-	122	210,929	-
Peoples Bank & Trust	June 2025	4.09%	53,021	-	113	53,134	-
Glacier Bank	June 2025	4.10%	52,044	-	1,181	53,225	-
Less current portion			(315,872)	-	(1,416)	(317,288)	(305,898)
Total Investments			$ -	$ -	$ -	$ -	$ -

EAGLE CREST MASTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

INVESTMENTS- (Continued)

Replacement Fund Certificates of Deposit	Maturity Date	Interest Rate	Market Balance	Unrealized (Gain) Loss	Accrued Interest	2024 Adjusted Cost Balance	2023 Adjusted Cost Balance
Bank Hapoalim	December 2024	2.50%	$ -	$ -	$ -	$ -	$ 243,796
Cadence Bank	April 2024	5.35%	-	-	-	-	200,000
First National Bank	February 2024	5.35%	-	-	-	-	50,000
UBS Bank	June 2025	4.90%	248,759	(759)	832	248,832	248,832
US Treasuries	March 2024	2.25%	-	-	-	-	100,035
Mortgage Backed Securities							
Ginnie Mae and Freddie Mac	2024 to 2047	3 to 6%	138,214	9,820	466	148,034	168,816
Less current portion			(268,957)	766	(1,298)	(270,255)	(644,613)
Total Investments			$ 118,016	$ 9,827	$ -	$ 126,611	$ 366,866

ASC topic 820 establishes a three-level hierarchy to be used when measuring and disclosing fair value of financial instruments. As of December 31, 2024, the Association classifies all investments valued at fair value as Level 1 instruments, meaning that market prices are quoted based on an active market for identical assets as of the measurement date. The Association has made no adjustments to these quoted prices when valuing these investments. The investments have unamortized premiums at December 31, 2024 of $223 ($6,061 at 2023).

The Certificate of Deposits are FDIC insured. The mortgage-backed financial liabilities are issued by the Government National Mortgage Association (Ginnie Mae), a U.S. government agency, or the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), U.S. government-sponsored enterprises. Ginnie Mae, backed by the full faith and credit of the U.S. government, guarantees that investors receive timely payments. Fannie Mae and Freddie Mac also provide certain guarantees and, while not backed by the full faith and credit of the U.S. government, have special authority to borrow from the U.S. Treasury. Some of the investments are held in an account not insured by the FDIC, however, the investments are insured by the SIPC and were purchased before the requirement to invest in FDIC insured assets.

Other of these securities are held in an FDIC insured institution. The Board of Directors has determined that, based on the rate of return and guarantees, the investments have minimal risk.

EAGLE CREST MASTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

INVESTMENTS- (Continued)

The Association also invested in a Federated Government Obligations Fund which is not FDIC insured and invests in a portfolio of U S Treasury and government securities in 397 days or less and repurchase agreements collateralized by U S Treasury and government securities. The Association had $147,568 in this fund as of December 31, 2024 which are included as cash equivalents ($268,121 in 2023).

LEASES-

Leasee

The Association has an operating lease arrangement with Eagle Crest Vacation Resort Owners Associaiton, a member of the Association, for the Sports Center. The second lease extension commenced at January 1, 2021 and ended at December 31, 2025. The third lease extension commenced on Janury 1, 2026 and ends on December 31, 2030. The lease payment is for $50 cash for each month during the term of the lease, an annual contribution to the Association's reserves based on their reserve study cash flow projection with a 4% increase annually and payment of the Sports Center operating expenses which are adjusted annually based on the approved budget for the facility. As of December 31, 2024 the Association owes $803,000 ($160,600 in 2023) and the marginal borrowing rate for the Association is 7%.

During 2024 and 2023, the Association recognized rent expense associated with our operating lease of :

	2024	2023
Operating lease	$1,003,260	$ 949,059

The future payments due under their operating lease as of December 31, 2024 is as follows:

Due in 2025	$ 160,600
Due in 2026	$ 160,600
Due in 2027	$ 160,600
Due in 2028	$ 160,600
Due in 2029	$ 160,600
Due in 2030	$ 160,600

LEASES- (Continued)

Lessor

The Association leases its golf course to Eagle Crest Acquisiton Group, LLC, under a thirty year lease commencing January 1, 2014 with two ten year options to extend. The lease requires the tenant pay rent and all operating expenses and to keep the premise well maintained and the 18 hole golf course, driving range, pro shop and relateed parking facility to comply with the landlord's obligations under it's governing documents. Under the terms of the lease, which is for thirty years with two ten-year extensions, the Association received $42,188 in 2024 ($40,761 in 2023) and in future years with an annual change based on the Consumer Price Index for the Western Region and made contributions. The Association paid $52,858 to the reserves for the Golf Course in 2024 and expenditures from the reserve are determined by the Golf Oversite Committee.

As an Associaiton they do not record the carrying costs on it's Balance Sheet, nor does it depreciate the assets. The future lease payments are based on the 2025 budget and are subject to consumer price index increases.

In May, 2022, the Association entered into a sublease for space in the Sports Center to an unrelated party to be used for the operation of a food and beverage service. The lease shall terminate October 30, 2025. The lease income is $10 for each operating season, May through September of each year and all taxes on the Tenant's personal property, all insurance which the tenant is required to procure and their licenses and permits required by law.

The cash lease payments to be received during the subsequent years are as follows:

Golf Course	
2024-2043 annually	$42,188
Sports Center Food and Beverage Operation	
2024 to 2025	$10

EAGLE CREST MASTER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

FUTURE MAJOR REPAIRS AND REPLACEMENTS-

The Association's governing documents require funds to be accumulated for major repairs and replacements. Accumulated funds are held in separate accounts and are not available for operating purposes.

During 2024, the Board updated, through an independent consultant, reserve studies to estimate the remaining useful lives and replacement costs of the components of common property. The Board conducted reserve studies covering the Association facilities, Utility system, Golf Course facilities and the Water System Infrastructure Repair Estimation Plan.

Funding requirements assume an annual inflation rate of 4.7% to 4.8% and rate of investment earnings of 3.0% to 3.5%. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on this study.

Funds are being accumulated in the replacement fund over the estimated useful lives of the components based on the study's estimates of current replacement expenditures and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of $584,332 was estimated and included in the 2025 budget including $185,000 in rent for the leased sports center reserve. Actual expenditures may vary from the estimated amounts and the amounts and the variations may be material. Therefore, amounts accumulated in the replacement 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 delay major repairs and replacements until funds are available.

NOTE PAYABLE-

During 2024, the Association approved improvements of the Golf Pro Shop and obtained a bank loan in the amount of $910,000 at an intial interest rate of 8.75% during Decmber 2024 to cover these costs. The Association will make twelve monthly interst only payments on amounts advanced beginning January 9, 2025 with interest accruing on the unpaid principal balance. The interest shall accrue on the unpaid principal balance at the variable interest rate equal to a rate which is .75% above the Prime Rate, however, in no event shall the interest rate accruing on the unpaid principal balance be less than 7.75%. As of December 9, 2025 the Line of Credit shall be converted to a term loan and no further advances will be available. As of December 31, 2024, there were no advances on this loan. The bank loan will be repaid by increased dues to the owners.

CONTRACTS LIABILITY (Assessments Received in Advance-Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement 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 $371,658 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 $2,314,773 and $2,303,980, respectively.

RELATED PARTY TRANSACTIONS-

The Association has a management agreement with Eagle Crest Management, LLC a subsidiary of Eagle Crest Acquisiton Group, LLC (the "Corporation") the developer.

The Corporation is to provide all services and personnel necessary to administer the Association. Under the terms of the agreement the Corporation charged the operating fund $126,466 for management fees in 2024 ($120,894 in 2023).

Certain expenses other than depreciation are incurred by Eagle Crest Acquisiton Group, LLC and are charged to the Association based on estimated service provided to the Association. These expenses total $848,380 in 2024 ($806,492 in 2023) and were in line with the approved budget.

Revenues for the water and sewer system are mainly derived from members of the Eagle Crest Vacation Resort Owners Association, Eagle Crest Estate Homesite Association, Fairway Vista Estates, Inc., River View Vista Estates, Inc., World Mark Units and Eagle Crest Hotel Condominiums.

As noted in the Lease footnote, the Association leases its golf course to Eagle Crest Acquisiton Group, LLC, under a lease commencing January 1, 2014.

Effective January 1, 2026, Eagle Crest Vacation Resort Owners Association extended its sports center lease to the Master Association until December 31, 2030.

RELATED PARTY TRANSACTIONS-(Continued)

In November 2021, the Association signed the Third Amendment to the Second Amended and Restated Joint Use Easement Agreement originally recorded in May 1999, which grants the Ridge Association and the Ridge owners a nonexclusive easement to use the Eagle Crest Sports Center (which is leased by the Association) while the agreement is in force. Eagle Crest Acquisiton Group, LLC, has also granted Eagle Crest Master Association for the benefit of its members a nonexclusive easement to use the Ridge Sports Center and Lakeside Sports Center during the term of this agreement which was through December 31, 2024 and automatically extended for an additional three-year term to December 31, 2027.

Eagle Crest Acquisiton Group, LLC charged the Association, during 2024, $124.28 for each lot or unit and $6.56 for each ownership interest for use of the Ridge and Lakeside Sports Center. The Ridge at Eagle Crest Owners Association paid the Association during 2024 $167.29 for each lot or unit and $11.30 for each ownership interest.

At December 31, 2024 the Association had $48,035 of related party receivables and $2,233 of related party payables ($102,681 and $6,397, respectively in 2023).

INCOME TAXES-

The Association has taxable income of $16,408 in 2024 (none in 2023). The Association used the net operating loss carryforward in 2024 in the amount of $12,870 for federal and $11,870 for Oregon. There is no net operating loss carryforward for federal or Oregon for 2025 as it has all been used in 2024.

Income taxes for the years ended December 31, consisted of the following:

		2024	2023
Current:	Federal	$ 743	$ -
	State	500	500
		$ 1,243	$ 500

The tax expense has been allocated to the fund's share of net nonmembership income. In 2024 and 2023, the Association has elected to be taxed as a regular corporation. The Association has no deferred tax assets or liabilites. There was no net non-membership taxable income for 2023. The returns have not been examined by taxing authorities and all returns from December 31, 2022 to present are subject to examination.

CONCENTRATION OF CREDIT RISK-

Marketable securities consist entirely of mortgage-backed securities in pooled accounts which are government insured. The Association had two demand accounts on hand in financial institutions which exceed depositor's insurance provided by the applicable guarantee agency, which is $250,000 for all accounts per institution. The Association believes its credit risk is minimal and the marketable securities not in an FDIC insured account were purchased prior to the current law requiring all investments to be in FDIC institutions.

World Mark, The Club, a membership organization, owns 82 units and in 2024 accounted for 14% of the Association revenue and paid fees of $333,941 ($314,829 in 2023).

The Association contracts for water and services from Oregon Water Utilities and accounted for 7% of expenses in 2024 (8% in 2023).

EAGLE CREST MASTER ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements (Unaudited)

December 31, 2024

The Board of Directors, in 2023 and 2024, through an independent consultant, updated studies to estimate the remaining useful lives and replacement costs of the components of common property including facilities, water system infrastructure, water and sewer utilities and golf course. The estimates were obtained from licensed contractors and suppliers who were familiar with the property. Replacement costs were based on estimated costs to repair or replace the common components at the date of the study. The study includes items with useful lives between one and thirty 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 Costs	Estimated Expenditures 2025
Components			
Facilities Excluding Utilities:			
Septic	0 to 4	49,101	15,515
Streets and paths	0 to 12	726,502	34,224
Plumbing/Irrigation	3 to 22	60,996	-
Fences/gates	0 to 16	185,260	6,140
Painting	3 to 7	14,665	-
Signs	0 to 14	80,839	6,022
Pool and spa	0 to 12	143,582	8,774
Siding/Flooring	3 to 25	48,425	-
Roofing	10 to 16	14,552	-
Miscellaneous	0 to 17	38,046	602
		1,361,970	71,277
Water & Sewer Utilities:			
Water pumps and wells	0 to 24	1,319,970	21,724
Sewer systems	0 to 10	415,987	111,389
Permits	0 to 1	413,000	5,000
Painting and fences	0 to 13	32,852	4,552
General utilities	0 to 18	99,719	5,536
Scada System	0	46,713	46,713
Roofing and siding	0 to 12	33,143	7,520
		2,361,385	202,434

See independent auditors' report.

EAGLE CREST MASTER ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements (Unaudited)(Continued)

December 31, 2024

	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Estimated Expenditures 2025
Golf Course:			
Asphalt and concrete	0 to 16	593,539	14,099
Cabinets/counters/doors/floors	1 to 3	95,478	-
Fences/gates/decks	1 to 16	31,431	-
HVAC	0 to 10	56,021	20,136
Irrigation	0 to 16	211,098	15,705
Lighting/paint	0 to 16	18,406	1,184
Plumbing	2 to 11	33,272	-
Roof	1 to 22	68,278	-
Septic	0 to 1	42,400	4,533
Siding	4 to 11	248,107	-
Other	0 to 18	725,310	12,003
		2,123,340	67,660
Water System Infrastructure:			
Water mains, valves, hydrants	0 to 12	233,043	28,948
		$ 6,079,738	$ 370,319

The Association has not allocated the reserve balance to specific components. At December 31, 2024, the Association had a total of $2,303,980 available in the Reserve-contracts liability.

See independent auditors' report.

Hudspeth & Company, PC
Certified Public Accountants

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October 31, 2025

To the Board of Directors
Eagle Crest Master Association
PO Box 1215
Redmond OR 97756

We have audited the financial statements of Eagle Crest Master Association for the year ended December 31, 2024, and we will issue our report thereon dated October 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 9, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Eagle Crest Master Association are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during 2024. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly for those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the reserve for bad debts is based on history and threatened foreclosure. We evaluated the key factors and assumptions used to develop the reserve for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole. Based on the new revenue recognition rules, income is not realized until received on significant subsequent accounts.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of Future Major Repairs and Replacements in the notes to the financial statements. This disclosure relates to estimated inflation and earnings and the useful lives of property, all of which could have significant changes.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accounts.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the Board of Directors and management of Eagle Crest Master Association and is not intended to be and should not be used by anyone other than these specified parties.

Very truly,

Hudspeth & Company, PC

Kandi Hudspeth

KRH:cc