

**The Cottages at Eagle Pointe**  
**Operating Statement**  
**For the Years Ended December 31, 2019 and 2018**  
(See Notes to Financial Statements)

		<u>2019</u>	<u>2018</u>
<b>Assessments by Type</b>			
Lot Assessment	Note 2	\$ 86,268	\$ 83,816
Annual Assessment	Note 3	32,466	31,763
Driveway Snow Assessment	Note 4	13,505	7,532
Initial Capital Contribution	Note 5	<u>2,478</u>	<u>2,478</u>
Total Assessments		<u>134,717</u>	<u>125,589</u>
<b>Expenses</b>			
Landscape Maintenance	Note 8	114,554	71,767
Snow Removal			
Streets, Mailboxes, and Fire Hydrants		7,010	3,470
Driveways	Note 4	13,505	7,532
Administrative	Note 9	5,171	4,168
Transfers to Reserve Fund	Note 7	<u>19,517</u>	<u>16,550</u>
Total Expenses		<u>159,757</u>	<u>103,487</u>
<b>Other Income</b>			
Insurance Claim Settlement		1,943	-
Late Fees and Other		<u>166</u>	<u>-</u>
		<u>2,109</u>	<u>-</u>
<b>Excess (Deficiency) of Assessments and Other Income Over (Under) Expenses</b>		<u><u>\$ (22,931)</u></u>	<u><u>\$ 22,102</u></u>

**The Cottages at Eagle Pointe**  
**Balance Sheet and Changes in Fund Balance**  
**As Of and For the Years Ended December 31, 2019 and 2018**  
(See Notes to Financial Statements)

	2019	2018
<b>Assets</b>		
Cash in Checking Account	\$ 32,258	\$ 55,032
Undeposited Funds	464	-
Receivables From (Prepayments Made By) Owners      Note 6	(5,037)	(3,638)
Under (Over) Billing for Driveway Snow Removal      Note 4	2,090	2,075
Other	-	100
 Total	 \$ 29,775	 \$ 53,569
 <b>Liabilities and Fund Balance</b>		
Accounts Payable	\$ 2,986	\$ 3,849
Fund Balance		
Beginning of Year Surplus (Deficiency)	49,720	27,618
Current Year Excess (Deficiency) of Assessments		
Over (Under) Expenses	(22,931)	22,102
End of Year Surplus (Deficiency)	26,789	49,720
 Total	 \$ 29,775	 \$ 53,569

**The Cottages at Eagle Pointe**  
**Notes to Financial Statements**  
**As Of and For the Years Ended December 31, 2019 and 2018**

- Note 1 The Cottages at Eagle Pointe  
The Cottages at Eagle Pointe is a homeowners association (hereinafter, the HOA) organized under the laws of the state of Utah on June 28, 2007. The governing Declaration of Covenants, Conditions and Restrictions (hereinafter, the CC&R's) provides for the construction of up to 71 single family homes by the declarant, which is CDC Constructors LLC (hereinafter, CDC), and/or its successors or assigns. As of December 31, 2019, construction of 56 single family homes had been completed. As of December 31, 2018, construction of 55 single family homes had been completed and one lot without a completed home was owned by parties other than the declarant.
- Note 2 Lot Assessment  
All lots on which construction of a dwelling has been completed are subject to the Lot Assessment. This assessment is levied to cover expenses incurred by the HOA in maintaining the yards and landscaping of homeowners. During 2019 and 2018, this assessment was \$129 per lot per month.
- Note 3 Annual Assessment  
All lots, with or without a dwelling, not owned by the declarant, its successors or assigns, are subject to the Annual Assessment. This assessment is levied to cover costs of administering the HOA as well as to maintain common areas owned by the HOA. During 2019 and 2018, this assessment was \$48 per lot per month.
- Note 4 Driveway Snow Assessment  
Driveway snow removal services are offered to homeowners by the HOA on an opt-in basis. Those who elect to receive this service are assessed for the estimated cost of providing the service over the course of each snow season. At the end of the snow season, the assessment is adjusted to equal the cost of providing this service, thereby resulting in an additional charge or a credit such that the assessments collected are equivalent to the costs incurred. In addition, at each year end, the financial statements are adjusted to include the assessment "true up" that is then existing.
- Note 5 Initial Capital Contribution  
Any time there is a change in ownership with respect to any of the lots covered by the CC&R's, either from the declarant to a third party or between third parties, the Initial Capital Contribution is assessed. The amount assessed is two times the then monthly assessment for the type of lot on which title is changed.
- Note 6 Receivables From (Prepayments Made By) Owners  
At both December 31, 2019 and 2018, several owners had prepaid a portion of the assessments for the following year. At December 31, 2019, no owners were delinquent in the payment of assessments. At December 31, 2018, four owners were delinquent in the payment of assessments aggregating \$365. All accounts were brought current after year end.

**The Cottages at Eagle Pointe**  
**Notes to Financial Statements (continued)**  
**As Of and For the Years Ended December 31, 2019 and 2018**

Note 7 Reserve Fund

The CC&R's provide that a Reserve Fund be established at the inception of the HOA to cover the cost of any construction, reconstruction, repair or replacement of any capital improvements located on the common areas of the HOA. Currently, the primary capital improvements of the HOA are the streets, sidewalks, common area landscaping and irrigation system. The financial statements of the Reserve Fund are apart and separate from these financial statements, which represent the Operating Fund of the HOA.

Revenues (expenses) in the Reserve Fund are summarized as follows:

	<u>2019</u>	<u>2018</u>
Transfer from Operating Fund	\$ 19,517	\$ 16,550
Interest earned	34	27
Other income	354	-
Common area tree trimming and replacement	(3,657)	
Repair spalling in sidewalks	-	(2,985)
Apply crack seal to streets	-	(5,120)
Remove dead trees from common area	-	(900)
Net activity/change in fund balance	<u>\$ 16,248</u>	<u>\$ 7,572</u>

The Reserve Fund has no liabilities. Its assets, and resulting fund balance, are as follows:

	<u>2019</u>	<u>2018</u>
Interest-bearing savings account	\$ 78,984	\$ 62,090
Due from declarant	-	646
Fund balance	<u>\$ 78,984</u>	<u>\$ 62,736</u>

During 2019, the HOA engaged an independent firm to conduct a study to estimate the remaining useful lives and future replacement costs of the common property components. The HOA is funding future major repairs and replacements based on the study's estimates of future replacement costs. Actual expenditures, when incurred, may vary from the estimated amounts.

Note 8 Landscape Maintenance Detail

	<u>2019</u>	<u>2018</u>
Water	\$ 16,858	\$ 24,277
Electricity	215	215
Sprinkler start-up, shut-down and repair	5,680	7,153
All inclusive landscape maintenance	46,994	39,972
Tree assessment	-	150
Mulch	44,807	-
Total	<u>\$ 114,554</u>	<u>\$ 71,767</u>

Note 9 Administrative Expenses Detail

	<u>2019</u>	<u>2018</u>
Bookkeeping	\$ 3,300	\$ 3,000
Banking	-	83
Insurance	944	952
Reserve study	600	-
Supplies, postage and other office expense	327	133
Total	<u>\$ 5,171</u>	<u>\$ 4,168</u>

**The Cottages at Eagle Pointe**  
**Notes to Financial Statements (continued)**  
**As Of and For the Years Ended December 31, 2019 and 2018**

Note 10 Comparison to Budget

	2019		Actual	2018		Actual
	Actual	Budget	Better (Worse)	Actual	Budget	Better (Worse)
<b>Current Year Assessments</b>						
Lot Assessment	\$86,268	\$85,608	\$660	\$83,816	\$ 82,272	\$ 1,544
Annual Assessment	32,466	31,985	481	31,763	31,125	638
Driveway Snow Assessment	13,505	7,250	6,255	7,532	7,250	282
Initial Capital Contribution	2,478	-	2,478	2,478	-	2,478
<b>Total Assessments</b>	<b>134,717</b>	<b>124,843</b>	<b>9,874</b>	<b>125,589</b>	<b>120,647</b>	<b>4,942</b>
<b>Landscape Maintenance</b>						
Water and Electricity	17,073	25,220	8,147	24,492	24,220	(272)
Mowing, Weeding, Fertilizing, Mulch, Etc.	97,481	81,885	(15,596)	47,275	54,352	7,077
<b>Snow Removal</b>						
Streets, Mailboxes, and Fire Hydrants	7,010	4,500	(2,510)	3,470	4,500	1,030
Driveways	13,505	7,250	(6,255)	7,532	7,250	(282)
Administrative	5,171	4,500	(671)	4,168	4,125	(43)
Transfers to Reserve Fund	19,517	19,488	(29)	16,550	16,200	(350)
Contingencies and Other	(2,109)	(18,000)	(15,891)	-	10,000	10,000
<b>Total Expenses</b>	<b>157,648</b>	<b>124,843</b>	<b>(32,805)</b>	<b>103,487</b>	<b>120,647</b>	<b>17,160</b>
<b>Excess (Deficiency) of Assessments Over (Under) Expenses</b>	<b>\$ (22,931)</b>	<b>\$ -</b>	<b>\$(22,931)</b>	<b>\$ 22,102</b>	<b>\$ -</b>	<b>\$ 22,102</b>

The budget for each year is prepared in the preceding November based on actual costs incurred through that date for the preceding year, plus costs expected to be incurred in November and December. This is further adjusted for changes in the number of home and lot owners expected during the budget year, as well as any nonrecurring items undertaken during the preceding year or expected to be undertaken in the budget year.

Weather conditions contribute substantially to variations from budget, both in winter and summer. Each snow season is different than the preceding year, in terms of the frequency and/or the harshness of the storms. This directly impacts snow removal costs. Likewise, some summers are warmer/cooler than others and the amount of summer rainfall varies from year-to-year. This directly impacts water costs for the irrigation of lawns. In addition, differences in the actual number and timing of additional home and lot owners as compared to what was anticipated in the budget will create additional variances from budget.

For 2019, the variance from budget is primarily attributable to these factors: (1) the 2018-19 snow season was the harshest experienced in several years, resulting in increased snow removal costs, (2) the summer was the wettest experienced in several years, resulting in reduced irrigation costs, and (3) mulching cost substantially more than budgeted, in part because, once a contractor was found to do the work, the HOA board decided to do the entire yard of each home even though a lesser amount had been budgeted.

For 2018, the variance from budget is primarily attributable to these factors: (1) mulching was not done because a contractor could not be found to do the work at an acceptable price and (2) the contingency set up for treatment of trees was not used, pending further evaluation of the necessity of such work.