

The Cottages at Eagle Pointe
Operating Statement
For the Years Ended December 31, 2020 and 2019
(See Notes to Financial Statements)

		2020	2019
Assessments by Type			
Lot Assessment	Note 2	\$ 83,418	\$ 86,268
Annual Assessment	Note 3	39,620	32,466
Driveway Snow Assessment	Note 4	11,595	13,505
Initial Capital Contribution	Note 5	2,832	2,478
Total Assessments		137,465	134,717
Expenses			
Landscape Maintenance	Note 8	83,887	114,554
Snow Removal			
Streets, Mailboxes, and Fire Hydrants		9,565	7,010
Driveways	Note 4	11,595	13,505
Administrative	Note 9	7,770	5,171
Transfers to Reserve Fund	Note 7	22,240	19,517
Total Expenses		135,057	159,757
Other Income			
Insurance Claim Settlement		-	1,943
Late Fees and Other		-	166
		-	2,109
Excess (Deficiency) of Assessments and Other Income Over (Under) Expenses		\$ 2,408	\$ (22,931)

The Cottages at Eagle Pointe
Balance Sheet and Changes in Fund Balance
As Of and For the Years Ended December 31, 2020 and 2019
(See Notes to Financial Statements)

	2020	2019
Assets		
Cash in Checking Account	\$ 38,077	\$ 32,258
Undeposited Funds	1,128	464
Receivables From (Prepayments Made By) Owners Note 6	(5,660)	(5,037)
Under (Over) Billing for Driveway Snow Removal Note 4	235	2,090
Other	(177)	-
Total	\$ 33,603	\$ 29,775
Liabilities and Fund Balance		
Accounts Payable	\$ 4,406	\$ 2,986
Fund Balance		
Beginning of Year Surplus (Deficiency)	26,789	49,720
Current Year Excess (Deficiency) of Assessments		
Over (Under) Expenses	2,408	(22,931)
End of Year Surplus (Deficiency)	29,197	26,789
Total	\$ 33,603	\$ 29,775

The Cottages at Eagle Pointe
Notes to Financial Statements
As Of and For the Years Ended December 31, 2020 and 2019

- 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, 2020, construction of 59 single family homes had been completed. As of December 31, 2019, construction of 56 single family homes had been completed. These financial statements represent the Operating Fund of the HOA.
- 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 2020, this assessment was \$120 per lot per month. During 2019, it 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 2020, this assessment was \$57 per lot per month. During 2019, it 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, 2020 and 2019, several owners had prepaid a portion of the assessments for the following year. At December 31, 2020, two owners were delinquent in the payment of assessments aggregating \$180. Aii accounts were brought current after year end. At December 31, 2019, no owners were delinquent in the payment of assessments.

The Cottages at Eagle Pointe
Notes to Financial Statements (continued)
As Of and For the Years Ended December 31, 2020 and 2019

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 presented below.

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

	2020	2019
Transfer from Operating Fund	\$ 22,240	\$ 19,517
Interest earned	12	34
Other income	-	354
Common area tree trimming and replacement	(1,919)	(3,657)
Repair spalling in sidewalks	(12,350)	-
Apply crack seal to streets	(5,950)	-
Net activity/change in fund balance	<u>\$ 2,033</u>	<u>\$ 16,248</u>

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

	2020	2019
Interest-bearing savings account	<u>\$ 81,017</u>	<u>\$ 78,984</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

	2020	2019
Water	\$ 25,638	\$ 16,858
Electricity	228	215
Sprinkler start-up, shut-down and repair	8,770	5,680
All inclusive landscape maintenance	49,251	46,994
Mulch	-	44,807
Total	<u>\$ 83,887</u>	<u>\$ 114,554</u>

Note 9 Administrative Expenses Detail

	2020	2019
Bookkeeping	\$ 3,300	\$ 3,300
Banking	175	-
Insurance	2,293	944
Legal	1,860	-
Reserve study	-	600
Supplies, postage and other office expense	142	327
Total	<u>\$ 7,770</u>	<u>\$ 5,171</u>

The Cottages at Eagle Pointe
Notes to Financial Statements (continued)
As Of and For the Years Ended December 31, 2020 and 2019

Note 10 Comparison to Budget

	2020		Actual	2019		Actual
	Actual	Budget	Better (Worse)	Actual	Budget	Better (Worse)
Current Year Assessments						
Lot Assessment	\$83,418	\$ 83,801	(\$383)	\$86,268	\$ 85,608	\$ 660
Annual Assessment	39,620	39,480	140	32,466	31,985	481
Driveway Snow Assessment	11,595	14,000	(2,405)	13,505	7,250	6,255
Initial Capital Contribution	2,832	-	2,832	2,478	-	2,478
Total Assessments	137,465	137,281	184	134,717	124,843	9,874
Landscape Maintenance						
Water and Electricity	25,866	20,725	(5,141)	17,073	25,220	8,147
Mowing, Weeding, Fertilizing, Mulch, Etc.	58,021	69,384	11,363	97,481	81,885	(15,596)
Snow Removal						
Streets, Mailboxes, and Fire Hydrants	9,565	6,400	(3,165)	7,010	4,500	(2,510)
Driveways	11,595	14,000	2,405	13,505	7,250	(6,255)
Administrative	7,770	4,500	(3,270)	5,171	4,500	(671)
Transfers to Reserve Fund	22,240	22,272	32	19,517	19,488	(29)
Contingencies and Other	-	-	-	(2,109)	(18,000)	(15,891)
Total Expenses	135,057	137,281	2,224	157,648	124,843	(32,805)
Excess (Deficiency) of Assessments Over (Under) Expenses	\$ 2,408	\$ -	\$ 2,408	\$ (22,931)	\$ -	\$ (22,931)

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 2020, the variance from budget is primarily attributable to these factors: (1) the 2019-2020 snow season was worse than expected, resulting in higher than budgeted street snow removal costs, (2) the summer was both unusually hot and dry, resulting in increased water costs, and (3) \$12,400 budgeted for mulch was not used since it was deemed not necessary due to extensive mulching in the prior year.

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.