

**The Cottages at Eagle Pointe Homeowners Association**

**Financial Statements and Supplementary Information**

**For the Year Ended December 31, 2023**



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THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION  
BALANCE SHEET  
DECEMBER 31, 2023

	OPERATING FUND	REPLACEMENT FUND	TOTAL	2022 TOTAL (COMPARISON ONLY)
<b>Assets</b>				
Cash	\$ 91,097	\$ 33,071	\$ 124,168	\$ 199,141
Reserve Certificate of Dep		101,254	101,254	-
Receivable from Members	999		999	4,856
<b>Total Assets</b>	<u>\$ 92,096</u>	<u>\$ 134,325</u>	<u>\$ 226,421</u>	<u>\$ 203,997</u>
<b>Liabilities</b>				
Accounts Payable	\$ 1,716		\$ 1,716	\$ 7,900
Mulch Reserve Fund	\$ 8,000		\$ 8,000	
PrePaid Assessments	6,186		6,186	5,895
<b>Total Liabilities</b>	<u>15,902</u>		<u>15,902</u>	<u>13,795</u>
<b>Fund Balances</b>	<u>76,194</u>	<u>134,325</u>	<u>210,519</u>	<u>190,202</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 92,096</u>	<u>\$ 134,325</u>	<u>\$ 226,421</u>	<u>\$ 203,997</u>

See Notes to Financial Statements



**THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	OPERATING FUND	REPLACEMENT FUND	TOTAL	2022 TOTAL (COMPARISON ONLY)
<b>Revenues</b>				
Member Assessments	\$ 151,566		\$ 151,566	\$ 146,654
Snow Removal - Driveways	21,725		21,725	7,090
Other Income	171		171	
Interest	43	357	400	332
Interest on Reserve CD		1,254	1,254	
Transfer Fee	3,934		3,934	8,740
Transfer to Reserves	(23,591)	23,591	-	-
<b>Total Revenues</b>	<b>153,848</b>	<b>25,202</b>	<b>179,050</b>	<b>162,816</b>
<b>Expenses</b>				
Landscape Contract	56,944		56,944	55,104
Insurance	3,758		3,758	1,783
Management Contract	2,200		2,200	2,400
Legal Fees				1,686
Snow Removal	12,093		12,093	6,280
Snow Removal - Driveways	16,603		16,603	12,360
Water Service	20,418		20,418	22,172
Electrical Service	272		272	257
Sprinkler Maintenance	1,771		1,771	2,330
Administrative	940		940	1,144
Mulch	12,000		12,000	15,573
Mulch Reserve Fund	8,000		8,000	
Repair Capital Assets		23,734	23,734	6,437
One Time Transfer to Reserves	12,500	(12,500)		
<b>Total Expenses</b>	<b>147,499</b>	<b>11,234</b>	<b>158,733</b>	<b>127,526</b>
<b>Excess of Revenue over Expenses</b>	<b>6,349</b>	<b>13,968</b>	<b>20,317</b>	<b>35,290</b>
<b>Beginning Fund Balance</b>	<b>69,845</b>	<b>120,357</b>	<b>190,202</b>	<b>154,912</b>
<b>Ending Fund Balance</b>	<b>\$ 76,194</b>	<b>\$ 134,325</b>	<b>\$ 210,519</b>	<b>\$ 190,202</b>

See Notes to Financial Statements



**THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION**  
**SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues</b>			
Member Assessments	\$ 151,566	\$ 154,000	\$ (2,434)
Snow Removal - Driveways	21,725	12,000	9,725
Other Income	171	-	171
Interest	43	75	(32)
Transfer Fee	3,934	2,000	1,934
Transfer to Reserves	(23,591)	(25,000)	1,409
<b>Total Revenues</b>	<b>153,848</b>	<b>143,075</b>	<b>10,773</b>
<b>Expenses</b>			
Landscape Contract	56,944	62,000	5,056
Insurance	3,758	3,000	(758)
Management Contract	2,200	2,400	200
Legal Fees	-	2,000	2,000
Snow Removal	12,093	10,000	(2,093)
Snow Removal - Driveways	16,603	12,000	(4,603)
Water Service	20,418	26,000	5,582
Electrical Service	272	300	28
Sprinkler Maintenance	1,771	7,500	5,729
Administrative (Website/Taxes/Misc)	940	1,500	560
Mulch	12,000	15,000	3,000
Mulch Reserve Fund	8,000	-	(8,000)
One Time Transfer to Reserves	12,500	-	(12,500)
<b>Total Expenses</b>	<b>147,499</b>	<b>141,700</b>	<b>(5,799)</b>
(Deficiency)/excess of Revenues over Expenses	6,349	1,375	4,974



THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1- NATURE OF ORGANIZATION

The Cottages of Eagle Pointe Homeowners Association (HOA or Association) was organized under the laws of the State of Utah on June 28, 2007. The governing Declaration of Covenants, Conditions and Restrictions (CC&Rs) provides for the construction of up to 71 single family homes by the Declarant, which is CDC Constructors LLC (CDC). As of December 31, 2023, construction of 65 single family homes has been completed. As of December 31, 2022, construction of 63 single family homes had been completed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING METHOD/FUND ACCOUNTING

The Association maintains its books of account on the accrual basis of accounting. Under this method of accounting, revenues are recognized when assessments are earned, or billed, and expenses are recognized when goods or services are received.

To ensure observance of limitations and restrictions on the use of financial resources, classification for accounting and reporting purposes are made 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. COMMON AREA PROPERTY

Real property and common areas conveyed to the Association by the Declarant are not recorded in the Association's financial statements. These common areas include the streets and sidewalks, the common area landscaping and neighborhood irrigation system. Major repairs and replacements to common area property are recorded as expenditures in the Replacement Fund.

C. ASSESSMENTS

Association Members are subject to a monthly assessment to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements.



THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
(Continued)

The current monthly Member assessment is as follows:

Monthly assessment applied to operations	\$168
Monthly assessment applied to Replacement Fund	<u>31</u>
Monthly Member assessment	<u>\$199</u>

Receivable from Members, as presented on the balance sheet, represent past due monthly assessments as follows:

Association dues	\$199
Snow removal fees	<u>800</u>
Receivable from Members	<u>\$999</u>

Prepaid monthly assessments result from members prepaying their monthly assessment before it is due. As of December 31, 2023, prepaid monthly assessments were \$6,186.

**D. SNOW REMOVAL**

Driveway snow removal services are offered to homeowners by the Association on an opt-in basis. Those who elect to receive this service are billed on a monthly basis. At the end of the snow season, the amount billed is trued up to actual costs incurred.

**E. INITIAL CAPITAL CONTRIBUTION**

Upon a change of ownership or purchase of a newly constructed home, an initial Capital Contribution (Transfer Fee) is assessed by the Association. The amount assessed is two times the then monthly assessment.

**F. RECLASSIFICATIONS**

Certain reclassifications have been made to the 2022 amounts to conform to the current year presentation.



THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023  
(Continued)

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.

**NOTE 3 - INCOME TAXES**

The Association elects to file its federal tax return as a homeowners' association under Section 528 of the Internal Revenue Code. Under that section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net non-exempt function income, which includes interest earned, is taxed at the existing federal and state levels.

**NOTE 4- FUTURE MAJOR REPAIRS AND REPLACEMENTS (REPLACEMENT FUND)**

The Association's governing documents (CC&Rs) provide that the Association establish adequate reserve funds for future major repair and replacement of the common property assets. Accumulated funds are held in separate accounts and are generally not available for operating purposes.



THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION  
SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2023

During 2022, the Association engaged an independent firm to conduct a study, projected to December 31, 2023, to estimate the remaining useful lives and estimated future replacement costs of the common property components. Funding requirements include an inflation factor of 3.5% and an interest rate of .10%.

The Association is funding such major repairs and replacement costs based on the study's estimates of future replacement costs. Actual expenditures, however, may vary from the estimated 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 Board has the right and obligation, in accordance with the governing documents (CC&Rs), to raise regular assessments or levy a special assessment to meet these needs.

Significant Components of the Study:

Prefab Concrete Fence — 7 years remaining life; estimated project cost \$7,500 - \$9,000  
Asphalt overlay — 12 years estimated remaining life; estimated project cost \$132,000 - \$176,000  
Asphalt seal coat — 5 years estimated remaining life; estimated project cost \$21,000 - \$22,000  
Asphalt crack seal — 1 year estimated remaining life; estimated project cost \$3,000 - \$6,000  
Concrete repair/replace — 6 years estimated remaining life; estimated project cost \$2,000 - \$3,000  
Mailboxes replace — 5 years estimated remaining life; estimated project cost \$16,000 - \$18,000  
Landscaping & Irrigation System — 8 years remaining life; estimated project cost \$10,000 - \$15,000  
Tree Replacement/Care — 6 years estimated remaining life; estimated project cost \$5,000 - \$6,000

Analysis of Replacement Fund as of January 1, 2024:

Actual Starting Balance as of 1/1/24	\$134,325
Ideal Reserve Balance as of 1/1/24	\$132,742
Percent Funded as of 1/1/24	101%
Recommended Reserve Contribution (per month)	\$1,750
Recommended Special Assessment	\$0