

The Cottages at Eagle Pointe Homeowners Association
Financial Statements and Supplementary Information
For the Year Ended December 31, 2024

TABLE OF CONTENTS

1. Balance Sheet, one page
2. Statement of Revenues, Expenses and Changes in Fund Balances, one page
3. Schedule of Operating Fund Revenues and Expenses – Budget and Actual, one page
4. Notes to Financial Statements, three pages
5. Supplemental Information, one page

THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2024

	OPERATING FUND	REPLACEMENT FUND	TOTAL	2023 TOTAL (COMPARISON ONLY)
Assets				
Cash	\$ 60,765	\$ 49,684	\$ 110,449	\$ 124,168
Operating Certificate of Dep	\$ 26,285		\$ 26,285	
Reserve Certificate of Dep		106,460	106,460	101,254
Receivable from Members	-		-	999
Total Assets	\$ 87,050	\$ 156,144	\$ 243,194	\$ 226,421
Liabilities				
Accounts Payable	\$ 1,300		\$ 1,300	\$ 7,900
PrePaid Assessments			-	6,186 *
Total Liabilities	1,300		1,300	14,086
Fund Balances	85,750	156,144	241,894	212,335
Total Liabilities and Fund Balances	\$ 87,050	\$ 156,144	\$ 243,194	\$ 226,421

*Due to moving from Emp HOA to A+ Accounting we do not have this amount currently

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, 2024

	OPERATING FUND	REPLACEMENT FUND	TOTAL	2023 TOTAL (COMPARISON ONLY)
Revenues				
Member Assessments	\$ 155,220		\$ 155,220	\$ 151,566
Snow Removal - Driveways	10,269		10,269	21,725 *
Interest Income/Other	1,243	4,769	6,012	1,825
Transfer Fee	3,913		3,913	3,934
Transfer to Reserves	(16,496)	16,496	-	-
Total Revenues	154,149	21,265	175,414	179,050
Expenses				
Management Contract	2,400		2,400	2,200
Insurance	3,257		3,257	3,758
Administrative/Legal	-		-	-
Other (Website/Taxes/Misc.)	1,298		1,298	940
Snow Removal - Roads	7,790		7,790	12,093
Snow Removal - Driveways	11,525		11,525	16,603 *
Electrical Service	254		254	272
Water Service	33,418		33,418	20,418 **
Yardcare (Contract/Misc.)	60,708		60,708	56,944
Yardcare - Sprinklers	15,232		15,232	1,771
Yardcare-Mulch	11,480		11,480	20,000
Repair Capital Assets		2,100	2,100	23,734
One Time Transfer to Reserves	-		-	
Total Expenses	147,362	2,100	149,462	158,733
Excess of Revenue over Expenses	6,787	19,165	25,952	20,317
Beginning Fund Balance	76,194	134,325	210,519	190,202
Ending Fund Balance	\$ 82,981	\$ 153,490	\$ 236,471	\$ 210,519

*HOA no longer handling driveway snow

**Empowered HOA paid November charges twice

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, 2024**

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Member Assessments	\$ 155,220	\$ 157,600	\$ (2,380)
Snow Removal - Driveways	10,269	18,000	(7,731)
Interest/other Income	1,243	900	343
Transfer Fee	3,913	3,000	913
Transfer to Reserves	(16,496)	(15,600)	(896)
Total Revenues	154,149	163,900	(9,751)
Expenses			
Landscape Contract	60,708	65,000	4,292
Insurance	3,257	3,300	43
Management Contract	2,400	2,400	-
Legal Fees	-	2,000	2,000
Snow Removal	7,790	15,000	7,210
Snow Removal - Driveways	11,525	18,000	6,475
Water Service	33,418	26,000	(7,418)
Electrical Service	254	300	46
Sprinkler Maintenance	15,232	17,000	1,768
Administrative (Website/Taxes/Misc)	1,298	1,500	202
Mulch	11,480	11,480	-
Total Expenses	147,362	161,980	14,618
(Deficiency)/excess of Revenues over Expenses	\$ 6,787	\$ 1,920	\$ 4,867

THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, 2024, construction of 66 single family homes has been completed. There are currently 2 additional homes under construction.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING METHOD/FUND ACCOUNTING

The Association maintains its books of account on a Modified Cash-Basis Accrual 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 (Reserve) 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, 2024
(Continued)

The current monthly Member assessment is as follows:

Monthly assessment applied to operations	\$179
Monthly assessment applied to Replacement Fund	<u>20</u>
Monthly Member assessment	<u>\$199</u>

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

*This information is not currently available due to the switchover from Empowered HOA to A+ Accounting.

Prepaid monthly assessments result from members prepaying their monthly assessment before it is due. As of December 31, 2024, prepaid monthly assessments were:

*This amount is not currently available due to the switchover from Empowered HOA to A+ Accounting.

D. SNOW REMOVAL

Snow removal services for streets, mailboxes, and fire hydrants are paid for by the HOA.

Driveway snow removal services are no longer offered to homeowners by the Association.

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 2023 amounts to conform to the current year presentation.

THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024
(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 — 6 years remaining life; estimated project cost \$7,500 - \$9,000
Asphalt overlay — 11 years estimated remaining life; estimated project cost \$132,000 - \$176,000
Asphalt seal coat — 4 years estimated remaining life; estimated project cost \$21,000 - \$22,000
Asphalt crack seal — 0 year estimated remaining life; estimated project cost \$3,000 - \$6,000
Concrete repair/replace — 5 years estimated remaining life; estimated project cost \$2,000 - \$3,000
Mailboxes replace — 4 years estimated remaining life; estimated project cost \$16,000 - \$18,000
Landscaping & Irrigation System — 7 years remaining life; estimated project cost \$10,000 - \$15,000
Tree Replacement/Care — 5 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 1/1/25	\$156,144
Ideal Reserve Balance as of 1/1/25	\$147,195
Percent Funded as of 1/1/24	106%
Recommended Reserve Contribution (per month)	\$1,803
Recommended Special Assessment	\$0