

The Cottages at Eagle Pointe Homeowners Association

Financial Statements and Supplemental Information

For the Year Ended December 31, 2025

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Cottages at Eagle Pointe HOA (The)

Balance Sheet as of 12/31/2025

	Operating	Reserve	Total
Assets			
Assets			
FCB - OPERATING	\$82,206.68		\$82,206.68
FCB - CD (03/29/26; 3.75%)		\$27,460.25	\$27,460.25
FCB - RESERVE		\$56,809.16	\$56,809.16
FCB - CD (09/08/26; 3.50%)		\$111,077.89	\$111,077.89
A/R	\$1,382.71		\$1,382.71
Total Assets	\$83,589.39	\$195,347.30	\$278,936.69
Total Assets	\$83,589.39	\$195,347.30	\$278,936.69
Liabilities / Equity			
Liability			
Prepaid Assessments	\$2,189.00		\$2,189.00
Accounts Payable	504.06		
Total Liability	\$2,693.06		\$2,189.00
Capital			
Retained Earnings	\$83,283.77	\$156,144.06	\$55,166.49
*Net income	(\$2,387.44)	\$39,203.24	\$32,479.42
Total Capital	\$80,896.33	\$195,347.30	\$87,645.91
Total Liabilities / Equity	\$83,589.39	\$195,347.30	\$278,572.12

*Note: The reported loss reflects a transfer of excess cash from the operating fund to the reserve fund.

Cottages at Eagle Pointe HOA (The)

Statement of Revenues and Expenses 1/1/2025 - 12/31/2025

	Actual	Budget	Variance	2024 Actual (Comparison only)
Operating Income				
Income				
40000 - Assessments	157,608.00	159,988.00	(2,380.00)	155,220.00
40131 - Operating Interest	41.96	1,500.00	(1,458.04)	1,243.00
40145 - Interest on Late Accounts	39.35	-	39.35	-
40165 - Late Fees	75.00	-	75.00	-
40175 - Returned Payment Fee	45.00	-	45.00	-
40185 - Reinvestment Fees	5,331.00	6,400.00	(1,069.00)	3,913.00
Misc. Income	1,206.81	-	2,616.93	-
Total Operating Income	164,347.12	167,888.00	(2,130.76)	160,376.00
Operating Expense				
Administrative Expense				
50100 - Fees (Bank,Licensing,Etc.)	365.00	-	(365.00)	-
50110 - Copies & Postage	271.94	-	(271.94)	-
50125 - Accounting Service Fees	2,375.00	2,450.00	75.00	2,400.00
50155 - Other (Website/Taxes/Misc)	1,926.31	1,500.00	(426.31)	1,298.00
50300 - Insurance	2,636.00	3,746.00	1,110.00	3,257.00
50400 - Legal	1,540.00	1,000.00	(540.00)	-
Total Administrative Expense	9,114.25	8,696.00	(418.25)	6,955.00
Common Area Expense				
66800 - Landscaping	66,393.47	65,000.00	(1,393.47)	60,708.00
66815 - Landscaping - Mulch	-	15,000.00	15,000.00	11,480.00
66825 - Landscaping - Sprinklers	10,976.88	19,000.00	8,023.12	15,232.00
68300 - Snow Removal	7,660.00	15,000.00	7,340.00	7,790.00
Total Common Area Expense	85,030.35	114,000.00	28,969.65	95,210.00
Utility Expense				
70300 - Electricity	336.68	300.00	(36.68)	254.00
70900 - Water & Sewer	29,908.00	29,000.00	(908.00)	33,418.00
Total Utility Expense	30,244.68	29,300.00	(944.68)	33,672.00
Allocation to Reserves				
69000 - Transfer To Reserve	42,345.28	16,080.00	(26,265.28)	16,496.00
Total Allocation to Reserves	42,345.28	16,080.00	(26,265.28)	16,496.00
Total Operating Expense	166,734.56	168,076.00	1,341.44	152,333.00
Net Operating Income	* (2,387.44)	(188.00)	(789.32)	8,043.00

*Note: The reported loss reflects a transfer of excess cash from the operating fund to the reserve fund.

Cottages at Eagle Pointe HOA (The)

Statement of Revenues and Expenses 1/1/2025 - 12/31/2025

	Actual	Budget	Variance	2024 Actual (Comparison only)
Reserve Income				
Income				
40130 - Investment Interest	5,874.96	6,500.00	(625.04)	4,769.00
80400 - Transfer From Operating Fund	42,345.28	16,080.00	26,265.28	16,496.00
Total Reserve Income	48,220.24	22,580.00	25,640.24	21,265.00
Reserve Expense				
Reserve Expense				
80000 - Reserve Expense	9,017.00	-	(9,017.00)	2,100.00
Total Reserve Expense	9,017.00	-	(9,017.00)	2,100.00
Total Reserve Expense	9,017.00	-	(9,017.00)	2,100.00
Net Reserve Income	39,203.24	22,580.00	16,623.24	19,165.00

**Note: One of the CDs that had been in the Operating Fund was moved to the Reserve Fund (\$26,285).

THE COTTAGES AT EAGLE POINTE HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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, 2025, construction of 68 single family homes has 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 (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, 2025
(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:

Association Dues Receivable from Members	\$1382.71
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Prepaid monthly assessments result from members prepaying their monthly assessment before it is due. As of December 31, 2025, prepaid monthly assessments were \$2189.

D. 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 (RESERVE 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 2025, the Association engaged an independent firm to conduct a study, projected to December 31, 2026, to estimate the remaining useful lives and estimated future replacement costs of the common property components. Funding requirements include an inflation factor of 4% and an interest rate of 3.04%.

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 Reserve 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 (paint) — 5 years remaining life; estimated project cost \$800 – 10,000
Asphalt overlay — 10 years estimated remaining life; estimated project cost \$154,000 – 198,000
Asphalt seal coat — 2 years estimated remaining life; estimated project cost \$24,000 – 27,000
Asphalt crack seal — 1 year estimated remaining life; estimated project cost \$9,000 – 10,000
Concrete repair/replace — 4 years estimated remaining life; estimated project cost \$2,000 – 3,000
Mailboxes replace — 3 years estimated remaining life; estimated project cost \$16,000 – 20,000
Irrigation System Renovate — 0 years remaining life; estimated project cost \$3,000 – 4,000
Tree Replacement/Care — 4 years estimated remaining life; estimated project cost \$5,000 – 6,000
Landscaping & Irrigation System Renovate – 6 years estimated remaining life; estimated project cost \$15,000 – 20,000

Analysis of Replacement Fund as of January 1, 2026:

Actual Starting Balance as of 1/1/26	\$195,347
Ideal Reserve Balance as of 1/1/26	\$175,533
Percent Funded as of 1/1/24	111%
Recommended Reserve Contribution (per month)	\$1,995
Recommended Special Assessment	\$0

Note:

The Association is currently overfunded in the reserve account because the costs for the Suncrest Drive tree plantings and the split of two sprinkler systems were ultimately paid from the operating budget rather than reserves. As a result, reserve contributions for 2026 will be reduced to bring the fund balance to approximately 100% funded by year-end 2026.