

**FLEETWOOD PLAZA REGIME
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

(UNAUDITED SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT)

**FLEETWOOD PLAZA REGIME
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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MEMBER - AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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ACCOUNTANT'S COMPILATION REPORT

The Board of Directors
Fleetwood Plaza Regime
Hendersonville, North Carolina

We have compiled the accompanying statement of assets, liabilities, and fund balance – cash basis of Fleetwood Plaza Regime as of September 30, 2014, and the related statements of revenues, expenses, and other changes in fund balance and cash flows – cash basis for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 8 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have compiled the required supplementary information without audit or review, and, accordingly, we do not express an opinion or provide any assurance on it.

Carland & Andersen, Inc.

Hendersonville, North Carolina
June 2, 2015

Financial Statements

FLEETWOOD PLAZA REGIME
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS
SEPTEMBER 30, 2014

ASSETS

Current Assets	General Operating Fund	Capital Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash and equivalents	\$ 10,635		\$ 10,635
Cash - designated for future repairs and replacements		\$ 221,808	221,808
	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	<u>\$ 10,635</u>	<u>\$ 221,808</u>	<u>\$ 232,443</u>
Total Assets	<u><u>\$ 10,635</u></u>	<u><u>\$ 221,808</u></u>	<u><u>\$ 232,443</u></u>

LIABILITIES AND FUND BALANCES

Fund Balance	<u>\$ 10,635</u>	<u>\$ 221,808</u>	<u>\$ 232,443</u>
Total Liabilities and Fund Balances	<u><u>\$ 10,635</u></u>	<u><u>\$ 221,808</u></u>	<u><u>\$ 232,443</u></u>

See accompanying Notes and Accountant's Compilation Report.

FLEETWOOD PLAZA REGIME
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
Revenues			
Member assessments	\$ 190,992	\$ 71,399	\$ 262,391
Interest income	5	177	182
Social committee income	1,566		1,566
	<u>1,566</u>	<u> </u>	<u>1,566</u>
Total Revenue	<u>\$ 192,563</u>	<u>\$ 71,576</u>	<u>\$ 264,139</u>
Expenses			
Administrative	\$ 2,462		\$ 2,462
Capital replacement - roofs		\$ 47,440	47,440
Clubhouse expense	8,902		8,902
Common items - sidewalks		2,586	2,586
Insurance	22,151		22,151
Maintenance - building painting	13,098		13,098
Maintenance - building repairs	39,071	5,462	44,533
Maintenance - grounds	47,036		47,036
Maintenance - pest control	2,435		2,435
Maintenance - porch and deck repairs	3,732		3,732
Maintenance - roof repairs	11,122		11,122
Maintenance - water lines and drains	4,602		4,602
Outside lighting	1,447		1,447
Pool expense	9,571		9,571
Professional fees	2,997		2,997
Promotional	70		70
Sewer station operation	1,071	4,380	5,451
Snow removal	2,210		2,210
Social committee	1,756		1,756
	<u>1,756</u>	<u> </u>	<u>1,756</u>
Total Expenses	<u>\$ 173,733</u>	<u>\$ 59,868</u>	<u>\$ 233,601</u>
Revenue in Excess of Expenses	<u>\$ 18,830</u>	<u>\$ 11,708</u>	<u>\$ 30,538</u>
Board Transfer	<u>(20,000)</u>	<u>20,000</u>	<u> </u>
Changes In Fund Balance	<u>\$ (1,170)</u>	<u>\$ 31,708</u>	<u>\$ 30,538</u>
Beginning Fund Balance	<u>11,805</u>	<u>190,100</u>	<u>201,905</u>
Ending Fund Balance	<u><u>\$ 10,635</u></u>	<u><u>\$ 221,808</u></u>	<u><u>\$ 232,443</u></u>

See accompanying Notes and Accountant's Compilation Report.

**FLEETWOOD PLAZA REGIME
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Revenue in excess of expenses	\$ 18,830	\$ 11,708	\$ 30,538
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:			
Board transfer	<u>(20,000)</u>	<u>20,000</u>	<u> </u>
Net cash provided by operating activities	<u>\$ (1,170)</u>	<u>\$ 31,708</u>	<u>\$ 30,538</u>
Net increase in cash	\$ (1,170)	\$ 31,708	\$ 30,538
Cash, beginning of year	<u>11,805</u>	<u>190,100</u>	<u>201,905</u>
Cash, end of year	<u>\$ 10,635</u>	<u>\$ 221,808</u>	<u>\$ 232,443</u>

See accompanying Notes and Accountant's Compilation Report.

**FLEETWOOD PLAZA REGIME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE A - NATURE OF ORGANIZATION

Fleetwood Plaza Regime, (the Association) was incorporated under the General Statutes of North Carolina on August 13, 1982, for the purposes of maintaining and operating common areas owned by the Association at Hendersonville, North Carolina. The Association consists of 63 residential condominium units located on approximately 9.82 acres.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Accounting

The Association prepares its financial statements on the cash-basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and presents the statements as separate funds based on the Association's different funding policies for operations and capital replacements.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

General Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Capital Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements.

Cash and Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with a maturity of one year or less to be cash equivalents. In addition, cash held at year end for a specific purpose is reflected separately on the Statement of Assets, Liabilities, and Fund Balance – Cash Basis.

**FLEETWOOD PLAZA REGIME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses and future major repairs and replacements.

The Association establishes assessment rates necessary to cover common expenses as determined by the Board as part of the annual budget process. For the year ended September 30, 2014, annual assessments were \$4,160 per unit and are due in quarterly installments on October 1st, January 1st, April 1st, and July 1st each year. Each year the Board of Directors allocates a portion of the annual assessments to the Capital Reserve Fund to cover the cost of anticipated capital improvements and to build a reserve for future major repairs and replacements.

Income Taxes

Under the provisions of the Internal Revenue Code, homeowners associations are allowed to exclude their exempt function income under Section 528 of the Code. The Association is also exempt from State income taxes under similar provisions of the North Carolina Code.

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The governing documents for the Association provide for the levying of special assessments or the increasing of regular assessments when major repairs and replacements are needed. The Board of Directors has chosen to establish a Capital Replacement Fund to accumulate assets for the estimated cost of future major repairs and replacements.

The Board of Directors has developed an estimate of the remaining useful lives and replacement cost of the components of the Association's common property as of September 2014. The table included in the compiled Supplementary Information on Future Major Repairs and Replacements is based on these estimates.

Estimated current replacement costs do not take into account the effects of inflation or the amount of interest that will be earned by funds accumulated between the date of the estimates and when the actual repair or replacement will take place. Actual expenses may vary from the estimated amounts and the variations may be significant. If additional funds are required, the Association is authorized, subject to the Board of Director's approval, to increase regular assessments, pass special assessments, borrow funds, or delay major repairs and replacements until the required funds are available.

**FLEETWOOD PLAZA REGIME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE D – INCOME TAXES

Under Internal Revenue Code Section 528, homeowners associations that meet income, expense, and organization tests are exempted from income tax on their “exempt function” income. Exempt function income for a homeowners association includes member operating assessments and member reserve assessments. To file under Section 528, an association must pay federal income tax at a rate of 30 percent on its non-exempt function income. Non-exempt function income includes items such as investment income. The Association will be filing its 2013 Income Tax Return under Section 528 of the Internal Revenue Code and does not have a provision for federal and state income tax as presented below:

Non-Exempt Function Income	\$ 1,748
Less:	
Expenses applicable to non-exempt function income	(1,826)
Statutory Exemption	<u>(100)</u>
Federal Taxable (Loss)	<u>\$ (178)</u>

NOTE E – RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Association carries commercial insurance for risks related to director liability and property and casualty insurance for risks related to theft, fire, or other natural disasters.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 2, 2015, which is the date the financial statements were available to be issued.

Supplementary Information

FLEETWOOD PLAZA REGIME
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
SEPTEMBER 30, 2014
See Accountant's Compilation Report

The Board of Directors has elected to update estimated remaining useful lives and the replacement cost of the components of common property as of September 2014. Replacement costs are based on the estimated costs to repair or replace the common property components at the date of the original study. Estimated current replacement costs do not account for the effects of inflation or the amount of interest that will be earned by the funds accumulated between the date of the study and when the actual repair or replacement will take place. Funds are being accumulated in the Capital Replacement Fund based on the following criteria:

<u>Component</u>	<u>Average Remaining Useful Lives In Years</u>	<u>Current Replacement Cost</u>	<u>2015 Funding Requirement</u>	<u>Balance at September 30, 2014</u>
Carport roofs		\$ 71,900	\$ 3,595	\$ 25,700
House roofs	Sixteen	351,000	17,550	125,450
Clubhouse furnishings, appliances, carpet	Nine	42,200	3,115	15,080
Pool liner, equipment, apron	Eight	51,500	4,156	18,400
Sewer station & collectors	Ten	104,000	3,350	37,178
Major building & common items		-	17,800	-
		<u>\$ 620,600</u>	<u>\$ 49,566</u>	<u>\$ 221,808</u>