

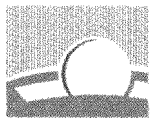
**FLEETWOOD PLAZA REGIME
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(UNAUDITED - SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT)

**FLEETWOOD PLAZA REGIME
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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CARLAND & ANDERSEN, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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ACCOUNTANT'S COMPILATION REPORT

The Board of Directors
Fleetwood Plaza Regime
Hendersonville, North Carolina

Management is responsible for the accompanying financial statements of Fleetwood Plaza Regime (a corporation), which comprise the statement of assets, liabilities, and fund balance – cash basis as of September 30, 2015, and the related statement of revenues, expenses, and changes in fund balance – cash basis and cash flows – cash basis for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Required Supplementary Information

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 a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Carland & Andersen, Inc.

Hendersonville, North Carolina
June 13, 2016

Financial Statements

FLEETWOOD PLAZA REGIME
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS
SEPTEMBER 30, 2015

ASSETS

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
Current Assets			
Cash and equivalents	\$ 24,041		\$ 24,041
Cash - designated for future repairs and replacements		\$ 245,439	245,439
Total Current Assets	<u>\$ 24,041</u>	<u>\$ 245,439</u>	<u>\$ 269,480</u>
Total Assets	<u>\$ 24,041</u>	<u>\$ 245,439</u>	<u>\$ 269,480</u>

LIABILITIES AND FUND BALANCES

Fund Balance	<u>\$ 24,041</u>	<u>\$ 245,439</u>	<u>\$ 269,480</u>
Total Liabilities and Fund Balances	<u>\$ 24,041</u>	<u>\$ 245,439</u>	<u>\$ 269,480</u>

See accompanying Notes and Accountant's Compilation Report.

FLEETWOOD PLAZA REGIME
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Operating Fund	Capital Replacement Fund	Total
Revenues			
Member assessments	\$ 211,439	\$ 55,999	\$ 267,438
Interest income	6	213	219
Social committee income	3,445		3,445
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 214,890	\$ 56,212	\$ 271,102
Expenses			
Administrative	\$ 2,483		\$ 2,483
Capital replacement - roofs		\$ 17,720	17,720
Clubhouse expense	7,681		7,681
Common items - sidewalks		18,550	18,550
Insurance	32,468		32,468
Maintenance - building painting	6,588		6,588
Maintenance - building repairs	35,423	3,361	38,784
Maintenance - grounds	40,029		40,029
Maintenance - pest control	2,628		2,628
Maintenance - porch and deck repairs	5,666		5,666
Maintenance - road and driveway	89		89
Maintenance - roof repairs	30,885		30,885
Maintenance - water lines and drains	3,241		3,241
Operating contingencies	2,000		2,000
Outside lighting	1,385		1,385
Pool expense	5,037		5,037
Professional fees	1,700		1,700
Sewer station operation	5,089	1,950	7,039
Snow removal	5,486		5,486
Social committee	4,606		4,606
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 192,484	\$ 41,581	\$ 234,065
Revenue in Excess of Expenses	\$ 22,406	\$ 14,631	\$ 37,037
Board Transfer	(9,000)	9,000	<hr/>
Changes In Fund Balance	\$ 13,406	\$ 23,631	\$ 37,037
Beginning Fund Balance	10,635	221,808	232,443
	<hr/>	<hr/>	<hr/>
Ending Fund Balance	\$ 24,041	\$ 245,439	\$ 269,480

See accompanying Notes and Accountant's Compilation Report.

**FLEETWOOD PLAZA REGIME
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Revenue in excess of expenses	\$ 22,406	\$ 14,631	\$ 37,037
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:			
Board transfer	<u>(9,000)</u>	<u>9,000</u>	<u></u>
Net cash provided by operating activities	<u>\$ 13,406</u>	<u>\$ 23,631</u>	<u>\$ 37,037</u>
Net increase in cash	\$ 13,406	\$ 23,631	\$ 37,037
Cash, beginning of year	<u>10,635</u>	<u>221,808</u>	<u>232,443</u>
Cash, end of year	<u><u>\$ 24,041</u></u>	<u><u>\$ 245,439</u></u>	<u><u>\$ 269,480</u></u>

See accompanying Notes and Accountant's Compilation Report.

**FLEETWOOD PLAZA REGIME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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, 2015**

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, 2015, annual assessments were \$4,240 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 2015. 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, 2015**

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 2014 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	\$ 3,664
Less:	
Expenses applicable to non-exempt function income	(4,606)
Statutory Exemption	<u>(100)</u>
Federal Taxable (Loss)	<u><u>\$ (1,042)</u></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 13, 2016, 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, 2015
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 2015. 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>2016 Funding Requirement</u>	<u>Balance at September 30, 2015</u>
Carport roofs	Twenty	\$ 71,750	\$ 3,588	\$ 28,383
House roofs	Fifteen	351,000	17,550	138,849
Clubhouse furnishings, appliances, carpet	Eight	42,200	3,115	16,694
Pool liner, equipment, apron	Seven	51,500	4,156	20,372
Sewer station & collectors	Nine	104,000	3,350	41,141
Major building & common items		-	23,800	-
		<u>\$ 620,450</u>	<u>\$ 55,559</u>	<u>\$ 245,439</u>