

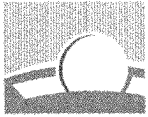
**FLEETWOOD PLAZA REGIME  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**(UNAUDITED - SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT)**

**FLEETWOOD PLAZA REGIME  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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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, 2017, 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.

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 is presented for purposes of additional analysis and, although not a part of the required basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the representation of management. 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  
July 3, 2018

# **Financial Statements**

**FLEETWOOD PLAZA REGIME  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS  
SEPTEMBER 30, 2017**

**ASSETS**

	<b>General Operating Fund</b>	<b>Capital Replacement Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Current Assets</b>			
Cash and equivalents	\$ 10,842		\$ 10,842
Cash - designated for future repairs and replacements		\$ 338,111	338,111
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Current Assets</b>	\$ 10,842	\$ 338,111	\$ 348,953
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<u>\$ 10,842</u>	<u>\$ 338,111</u>	<u>\$ 348,953</u>

**LIABILITIES AND FUND BALANCES**

<b>Fund Balance</b>	\$ 10,842	\$ 338,111	\$ 348,953
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 10,842</u>	<u>\$ 338,111</u>	<u>\$ 348,953</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, 2017**

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<b>Revenues</b>			
Member assessments	\$ 236,420	\$ 41,000	\$ 277,420
Fines	100		100
Interest income	6	500	506
Social committee income	2,777		2,777
<b>Total Revenue</b>	<u>\$ 239,303</u>	<u>\$ 41,500</u>	<u>\$ 280,803</u>
<b>Expenses</b>			
Administrative	\$ 4,144		\$ 4,144
Clubhouse expense	8,096		8,096
Common area items		4,770	4,770
Insurance	36,889		36,889
Maintenance - building painting	43,603		43,603
Maintenance - building repairs	26,995		26,995
Maintenance - grounds	50,515		50,515
Maintenance - pest control	60		60
Maintenance - porch and deck repairs	13,954		13,954
Maintenance - road and driveway	8,964		8,964
Maintenance - roof repairs	4,181		4,181
Maintenance - water lines and drains	6,057		6,057
Outside lighting	1,381		1,381
Pool expense	3,496	1,173	4,669
Professional fees	2,284		2,284
Promotional	87		87
Sewer station operation	1,551		1,551
Snow removal	4,985		4,985
Social committee	2,755		2,755
<b>Total Expenses</b>	<u>\$ 219,997</u>	<u>\$ 5,943</u>	<u>\$ 225,940</u>
<b>Revenue in Excess of Expenses</b>	\$ 19,306	\$ 35,557	\$ 54,863
<b>Board Transfer</b>	<u>(20,000)</u>	<u>20,000</u>	
<b>Changes In Fund Balance</b>	\$ (694)	\$ 55,557	\$ 54,863
<b>Beginning Fund Balance</b>	<u>11,536</u>	<u>282,554</u>	<u>294,090</u>
<b>Ending Fund Balance</b>	<u>\$ 10,842</u>	<u>\$ 338,111</u>	<u>\$ 348,953</u>

See accompanying Notes and Accountant's Compilation Report.

**FLEETWOOD PLAZA REGIME  
STATEMENT OF CASH FLOWS - CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Revenue in excess of expenses	\$ 19,306	\$ 35,557	\$ 54,863
<b>Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:</b>			
Board transfer	<u>(20,000)</u>	<u>20,000</u>	
<b>Net cash provided by operating activities</b>	<u>\$ (694)</u>	<u>\$ 55,557</u>	<u>\$ 54,863</u>
<b>Net increase (decrease) in cash</b>	\$ (694)	\$ 55,557	\$ 54,863
Cash, beginning of year	<u>11,536</u>	<u>282,554</u>	<u>294,090</u>
Cash, end of year	<u><u>\$ 10,842</u></u>	<u><u>\$ 338,111</u></u>	<u><u>\$ 348,953</u></u>

See accompanying Notes and Accountant's Compilation Report.

**FLEETWOOD PLAZA REGIME  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**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, 2017**

**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, 2017, annual assessments were \$4,400 per unit and are due in quarterly installments on October 1<sup>st</sup>, January 1<sup>st</sup>, April 1<sup>st</sup>, and July 1<sup>st</sup> 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, homeowner's 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 2017. 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, 2017**

**NOTE D – INCOME TAXES**

Under Internal Revenue Code Section 528, homeowner’s associations that meet income, expense, and organization tests are exempted from income tax on their “exempt function” income. Exempt function income for a homeowner’s 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 2016 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	\$ 3,283
Less:	
Expenses applicable to non-exempt function income	(3,399)
Statutory Exemption	<u>(100)</u>
Federal Taxable (Loss)	<u><u>\$ (216)</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 July 3, 2018, 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, 2017**  
**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 2017. 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>2018 Funding Requirement</u>	<u>Balance at September 30, 2017</u>
Carport roofs	Eighteen	\$ 75,050	\$ 3,753	\$ 27,289
House roofs	Thirteen	367,000	18,350	133,446
Clubhouse furnishings, appliances, carpet	Six	56,700	4,610	20,617
Pool liner, equipment, apron	Five	52,700	3,397	19,162
Sewer station & collectors	Seven	109,000	3,650	39,634
Road and Driveways	Four	244,618	5,682	88,946
Major building & common items	Two	24,800	30,800	9,017
		<u>\$ 929,868</u>	<u>\$ 70,242</u>	<u>\$ 338,111</u>