

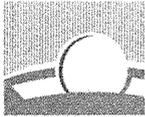
**FLEETWOOD PLAZA REGIME
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

(UNAUDITED - SEE ACCOMPANYING ACCOUNTANT'S COMPILATION REPORT)

**FLEETWOOD PLAZA REGIME
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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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, 2018, 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 responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Carland & Andersen, Inc.

Hendersonville, North Carolina
July 11, 2019

Financial Statements

FLEETWOOD PLAZA REGIME
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS
SEPTEMBER 30, 2018

ASSETS

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
Current Assets			
Cash and equivalents	\$ 12,122		\$ 12,122
Cash - designated for future repairs and replacements		\$ 373,506	373,506
Total Current Assets	<u>\$ 12,122</u>	<u>\$ 373,506</u>	<u>\$ 385,628</u>
Total Assets	<u><u>\$ 12,122</u></u>	<u><u>\$ 373,506</u></u>	<u><u>\$ 385,628</u></u>

LIABILITIES AND FUND BALANCES

Fund Balance	<u>\$ 12,122</u>	<u>\$ 373,506</u>	<u>\$ 385,628</u>
Total Liabilities and Fund Balances	<u><u>\$ 12,122</u></u>	<u><u>\$ 373,506</u></u>	<u><u>\$ 385,628</u></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, 2018

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
Revenues			
Member assessments	\$ 258,712	\$ 35,000	\$ 293,712
Fines	25		25
Interest income	9	1,690	1,699
Social committee income	1,905		1,905
Miscellaneous income	50		50
Total Revenue	<u>\$ 260,701</u>	<u>\$ 36,690</u>	<u>\$ 297,391</u>
Expenses			
Administrative	\$ 1,692		\$ 1,692
Clubhouse expense	7,658		7,658
Common area items		22,088	22,088
Engineering - Study	12,023		12,023
Insurance	36,069		36,069
Maintenance - building painting	29,779		29,779
Maintenance - building repairs	26,008	25,975	51,983
Maintenance - grounds	42,183		42,183
Maintenance - pest control	2,160		2,160
Maintenance - porch and deck repairs	10,723		10,723
Maintenance - road and driveway	1,586	2,714	4,300
Maintenance - roof repairs	3,150		3,150
Maintenance - water lines and drains	3,673		3,673
Outside lighting	1,440		1,440
Pool expense	5,589	8,518	14,107
Professional fees	2,875		2,875
Sewer station operation	5,998		5,998
Snow removal	6,795		6,795
Social committee	2,020		2,020
Total Expenses	<u>\$ 201,421</u>	<u>\$ 59,295</u>	<u>\$ 260,716</u>
Revenue in Excess of (Less Than) Expenses	<u>\$ 59,280</u>	<u>\$ (22,605)</u>	<u>\$ 36,675</u>
Board Transfer	<u>(58,000)</u>	<u>58,000</u>	
Changes In Fund Balance	<u>\$ 1,280</u>	<u>\$ 35,395</u>	<u>\$ 36,675</u>
Beginning Fund Balance	<u>10,842</u>	<u>338,111</u>	<u>348,953</u>
Ending Fund Balance	<u>\$ 12,122</u>	<u>\$ 373,506</u>	<u>\$ 385,628</u>

See accompanying Notes and Accountant's Compilation Report

**FLEETWOOD PLAZA REGIME
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Operating Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Revenue in excess of (less than) expenses	\$ 59,280	\$ (22,605)	\$ 36,675
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:			
Board transfer	<u>(58,000)</u>	<u>58,000</u>	<u></u>
Net cash provided by operating activities	<u>\$ 1,280</u>	<u>\$ 35,395</u>	<u>\$ 36,675</u>
Net increase in cash	\$ 1,280	\$ 35,395	\$ 36,675
Cash, beginning of year	<u>10,842</u>	<u>338,111</u>	<u>348,953</u>
Cash, end of year	<u><u>\$ 12,122</u></u>	<u><u>\$ 373,506</u></u>	<u><u>\$ 385,628</u></u>

See accompanying Notes and Accountant's Compilation Report

**FLEETWOOD PLAZA REGIME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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 in 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, 2018**

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, 2018, annual assessments were \$4,640 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, 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 2018. 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, 2018**

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 2017 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	\$ 3,654
Less:	
Expenses applicable to non-exempt function income	(5,831)
Statutory Exemption	<u>(100)</u>
Federal Taxable (Loss)	<u><u>\$(2,277)</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 11, 2019, 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, 2018
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 2018. 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>2019 Funding Requirement</u>	<u>Balance at September 30, 2018</u>
Carport roofs	Seventeen	\$ 75,050	\$ 3,753	\$ 29,620
House roofs	Twelve	383,500	19,175	151,355
Clubhouse furnishings, appliances, carpet	Five	56,700	4,610	22,380
Pool liner, equipment, apron	Four	52,700	3,432	20,800
Sewer station & collectors	Six	109,000	3,650	43,020
Road and Driveways	Three	244,618	5,682	96,545
Major building & common items	One	24,800	30,800	9,786
		<u>\$ 946,368</u>	<u>\$ 71,102</u>	<u>\$ 373,506</u>