

CATSPA W PROPERTY OWNERS ASSOCIATION, INC.
STATEMENT OF OPERATIONS
ACTUAL AND BUDGETED
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

| | Actual 2019 | Budgeted 2019 | Variance 2019 | Actual 2018 | Budgeted 2018 | Variance 2018 |
|-----------------------------|----------------|------------------|------------------|----------------|------------------|------------------|
| REVENUES | | | | | | |
| Yearly Assessments | \$16,950.00 | \$17,450.00 | \$ (500.00) | \$19,195.00 | \$19,195.00 | \$ -0- |
| Bank Interest | 42.22 | 40.00 | 2.22 | 39.94 | 10.00 | 29.94 |
| Late Payment Penalties | - 0 - | -0- | - 0 - | 27.50 | -0- | 27.50 |
| | <hr/> | | | | | |
| Total Revenues | \$16,992.22 | \$17,490.00 | \$ (497.78) | \$19,262.44 | \$19,205.00 | \$ 57.44 |
| | <hr/> | | | | | |
| EXPENSES | | | | | | |
| Road Maintenance | \$ 18,132.39 | \$15,000.00 | \$ (3,132.39) | \$ 8,202.26 | \$17,000.00 | \$ 8,797.74 |
| Printing and Mailing | - 0- | 50.00 | 50.00 | - 0 - | 100.00 | 100.00 |
| Website | 300.00 | 300.00 | -0- | 300.00 | 300.00 | - 0 - |
| Insurance | 935.97 | 1,000.00 | 64.03 | 803.32 | 1,000.00 | 196.68 |
| Seasonal Decorations | 60.07 | - 0 - | (60.07) | | | |
| Meeting Expenses | 147.18 | 100.00 | (47.18) | 126.45 | 100.00 | (26.45) |
| | <hr/> | | | | | |
| Total Expenses | \$ 19,575.61 | \$ 16,450.00 | \$ (3,125.61) | \$ 9,432.03 | \$ 18,500.00 | \$ 9,067.97 |
| | <hr/> | | | | | |
| Transfer to (from) Reserves | \$(2,583.39) | \$ 1,040.00 | \$ (3,623.39) | \$ 9,830.41 | \$ 705.00 | \$ 9,125.41 |

Please see Notes to Financial Statements

CATSPAW PROPERTY OWNERS ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

ASSETS

Current Assets

| | |
|--------------------------|---------------|
| Cash in Bank | \$ 60,381.29 |
| Prepaid Expenses | 874.91 |
| Accounts Receivable | 662.00 |
| Investment in Parcel Box | <u>200.00</u> |

TOTAL ASSETS \$ 62,118.20

LIABILITIES

Current Liabilities

| | |
|--------------------------|---------------------|
| Prepaid 2019 Assessments | \$ <u>14,116.58</u> |
|--------------------------|---------------------|

TOTAL LIABILITIES 14,116.58

MEMBERS' EQUITY

| | |
|--------------------------------|--------------|
| Beginning Accumulated Surplus | \$ 50,585.01 |
| Current Year Surplus (Deficit) | (2,583.39) |
| Transfer to Reserves | <u>- 0 -</u> |

TOTAL MEMBERS' EQUITY \$ 48,001.62

Please see Notes to Financial Statements

CATSPAW PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 – THE ASSOCIATION

Catspaw Property Owners' Association, Inc. is a property owners association organized as a non-profit North Carolina corporation. The Association began operations on August 31, 1996. The Association presently consists of 62 residential lots, 19 of which have houses. The number of lots may change (and historically has changed) due to lot subdivisions and/or lot combinations. A lot is considered improved with a house when construction of said house commences.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles on the accrual basis, in which income is recognized when earned and expenses are recognized when incurred. The Association utilized the modified accrual basis in years before 2015. The Association reports annual financial information on a calendar year basis (the year end is December 31st). Members' Equity represents the accumulated excess or surplus of revenues over expenses, and consists of reserve funds that are intended to be used for unanticipated events, primarily related to unforeseen road maintenance expenses.

B. Association Annual Assessments/Accounts Receivable

Property owners are subject to yearly assessments to provide for the Association's operating expenses, primarily road maintenance and improvements. Any excess over budget is retained by the Association for use in future years. Unimproved lots (without a house) are assessed at 5/6 of the assessment for a lot improved with a residence. Assessments are billed in November, and due January 1st. Assessments are considered delinquent if not received by January 31st. The Association follows the procedures in North Carolina General Statutes Chapter 47F in filing a lien for unpaid assessments and collecting sums due. Receivables at the balance sheet date, if any, represent assessments due from property owners. The Association considers all property owners' receivables at the balance sheet date to be collectible. Accordingly, no allowance for doubtful accounts is required. If any receivables become uncollectible, they will be charged to operations when that determination is made.

C. Annual Budget

The Association is required to prepare a budget annually in accordance with the 2013 (current) Bylaws. The budget includes anticipated income and expenses, planned major roadway repair or replacement expenses, and a reserve for unanticipated events. Road maintenance and improvements are often delayed because of weather conditions; and accordingly budget variances may occur. The maintenance of Walnut Gap Road from the public road entrance to the Catspaw gate is shared with the Walnut Gap Community. In 2018 and 2017, road maintenance expenses were the least they have been in many years. In 2019, road maintenance expenses were considerably higher.

D. Cash in Bank

The Association maintains two bank accounts at the Franklin branch of Wells Fargo. One is an operating account, and the other is an interest bearing savings account. Bills of the Association are paid utilizing online banking. All expenditures are approved by a majority of the Board before disbursements are made.

E. Supplementary Schedule of Road Maintenance Expenses

A schedule of road maintenance expense detail is provided for the years ending December 31, 2019 and 2018. This schedule shows how expenses can vary from year to year, and breaks out the expenses between the road that Catspaw shares with Walnut Gap from the roads that are the responsibility of the Catspaw Association exclusively. The Walnut Gap community is not an Association. The Walnut Gap Road Fund is a voluntary road fund that collects voluntary payments from property owners in the Walnut Gap subdivision, as well as residents in some of the Devon subdivision.

CATSPA W PROPERTY OWNERS ASSOCIATION, INC.
 SUPPLEMENTARY BREAKDOWN OF ROAD MAINTENANCE EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | For the Year Ended December 31, 2019 | | | For the Year Ended December 31, 2018 | | |
|-------------------------------|--------------------------------------|---------------------|---------------------|--------------------------------------|--------------------|--------------------|
| | Shared Road | Catspaw Roads | 2019 Totals | Shared Road | Catspaw Roads | 2018 Totals |
| Grading, Ditch Cleaning, Rock | \$ 1,960.00 | \$ 7,026.45 | \$ 8,986.45 | \$ 710.00 | \$ 1,750.00 | \$ 2,460.00 |
| Culvert Replacements | | | | | | |
| Signage | | 250.49 | 250.49 | | 777.26 | 777.26 |
| Mowing | 675.00 | 1,002.50 | 1,677.50 | 255.00 | 1,990.00 | 2,245.00 |
| Leaf Removal | 779.38 | 4,965.50 | 5,744.88 | 480.00 | 1,920.00 | 2,400.00 |
| Tree Cutting | | 600.00 | 600.00 | | | |
| Special Projects: | | | | | | |
| Rusty Ridge Turnaround | | | | | 320.00 | 320.00 |
| Walnut Gap/Catspaw Corner | - 0 - | 873.07 | 873.07 | | | - 0 - |
| TOTALS | \$ 3,414.38 | \$ 14,718.01 | \$ 18,132.39 | \$ 1,445.00 | \$ 6,757.26 | \$ 8,202.26 |

