

CATSPA W PROPERTY OWNERS ASSOCIATION, INC.  
STATEMENT OF OPERATIONS  
ACTUAL AND BUDGETED  
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

	Actual 2017	Budgeted 2017	Variance 2017	Actual 2016	Budgeted 2016	Variance 2016
<b>REVENUES</b>						
Yearly Assessments	\$19,195.00	\$19,195.00	\$ -0-	\$19,195.00	\$19,175.00	\$ 20.00
Bank Interest	27.08	5.00	22.08	5.12	-0-	5.12
Late Payment Penalties	-0-	-0-	-0-	32.50	-0-	32.50
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Total Revenues	\$19,222.08	\$19,200.00	\$ 22.08	\$19,232.62	\$19,175.00	\$ 57.62
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<b>EXPENSES</b>						
Road Maintenance	\$ 6,784.20	\$ 17,000.00	\$ 10,215.80	\$19,668.47	\$16,500.00	\$(3,168.47)
Miscellaneous incl Conference Calls	-0-	-0-	-0-	168.76	125.00	( 43.76)
Printing and Mailing	49.00	100.00	51.00	-0-	350.00	350.00
Website	300.00	350.00	50.00	175.00	300.00	125.00
Insurance	728.00	1,200.00	472.00	754.00	800.00	46.00
Meeting Expenses	109.95	100.00	( 9.95)	-0-	-0-	-0-
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Total Expenses	\$ 7,971.15	\$ 18,750.00	\$ 10,778.85	\$20,766.23	\$ 18,075.00	\$( 2,691.23)
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Transfer to (from) Reserves	\$ 11,250.93	\$ 450.00	\$ 10,800.93	\$ (1,533.61)	\$ 1,100.00	\$( 2,633.61)

Please see Notes to Financial Statements

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2017

ASSETS		
Current Assets		
Cash in Bank	\$ 51,966.60	
Prepaid Expenses	828.00	
Unsold Mailbox and Investment in Parcel Box	<u>300.00</u>	
TOTAL ASSETS		\$ 53,094.60
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 680.00	
Prepaid 2018 Assessments	<u>11,660.00</u>	
TOTAL LIABILITIES		<u>12,340.00</u>
MEMBERS' EQUITY		
Beginning Accumulated Surplus	\$ 29,503.67	
Current Year Surplus (Deficit)	10,800.93	
Transfer to Reserves	<u>450.00</u>	
TOTAL MEMBERS' EQUITY		\$ <u>40,754.60</u>

Please see Notes to Financial Statements

CATSPAW PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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 consists of 66 residential lots, 19 of which have houses.

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 31<sup>st</sup>). 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 1<sup>st</sup>. Assessments are considered delinquent if not received by January 31<sup>st</sup>. 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. In 2015, road maintenance was delayed because of bad weather at the end of the year. Of the \$5,663.89 unspent budgeted 2015 road maintenance expenses, \$3,158.67 was effectively spent in 2016 because of said weather delays. The maintenance of Walnut Gap Road from the public road entrance to the Catspaw gate is shared with the Walnut Gap Community. In 2016, of the \$19,668.47 incurred for road maintenance, \$ 4,551.76 was spent on improving lower Walnut Gap Road. In 2017, road maintenance expenses were the least they have been in many years. In future years, road maintenance costs are not likely to ever be that minimal again.

D. Supplementary Schedule of Road Maintenance Expenses

A schedule of road maintenance expense detail is provided for the years ending December 31, 2017 and 2016. 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.

CATSPA W PROPERTY OWNERS ASSOCIATION, INC.  
 SUPPLEMENTARY BREAKDOWN OF ROAD MAINTENANCE EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	For the Year Ended December 31, 2017			For the Year Ended December 31, 2016		
	Shared Road	Catspaw Roads	2017 Totals	Shared Road	Catspaw Roads	2016 Totals
Grading, Ditch Cleaning, Rock	\$ 720.00	\$ 200.00	\$ 920.00	\$ 1,060.00	\$ 5,075.70	\$ 6,135.70
Culvert Replacements		1,275.21	1,275.21	792.09	3,020.20	3,812.29
Signage		1,866.74	1,866.74		51.22	51.22
Mowing	80.00	480.00	560.00	225.00	3,115.00	3,340.00
Leaf Removal	522.50	1,160.00	1,682.50	540.00	1,200.00	1,740.00
Tree Cutting				37.50		37.50
Special Projects:						
Lower Walnut Gap Improvement					4,551.76	4,551.76
Buckhead Improvement	--0--	479.75	479.75	-0-	-0-	-0-
TOTALS	<u>\$ 1,322.50</u>	<u>\$ 5,461.70</u>	<u>\$ 6,784.20</u>	<u>\$ 2,654.59</u>	<u>\$ 17,013.88</u>	<u>\$ 19,668.47</u>