

CWE HOMEOWNERS ASSOCIATION, INC.

ASHEVILLE, NORTH CAROLINA

FINANCIAL STATEMENT

December 31, 2020

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I N D E P E N D E N T A C C O U N T A N T ' S R E V I E W R E P O R T

**To the Board of Directors
CWE Homeowners Association, Inc.
Asheville, North Carolina**

We have reviewed the accompanying financial statements of CWE Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in

the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Bluh + Associates, PA

Asheville, North Carolina
January 30, 2021

CWE HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET
December 31, 2020

	Operating Fund	Reserve Fund	Total
ASSETS			
Cash and cash equivalents	\$ 9,061	\$ 97,091	\$ 106,152
Assessments receivable	609	-	609
TOTAL ASSETS	\$ 9,670	\$ 97,091	\$ 106,761
 LIABILITIES AND FUND BALANCE			
Assessments received in advance	\$ 4,698	\$ -	\$ 4,698
Total Liabilities	4,698	-	4,698
Fund Balance	4,972	97,091	102,063
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,670	\$ 97,091	\$ 106,761

See accompanying notes and Independent Accountant's Review Report.

CWE HOMEOWNERS ASSOCIATION, INC.

STATEMENTS OF REVENUES AND EXPENSES
For the Year Ended December 31, 2020

	Operating Fund	Reserve Fund	Total
Revenues:			
Members assessments	\$ 31,575	\$ -	\$ 31,575
Interest income	-	142	142
Miscellaneous income	105	-	105
Total Revenues	<u>\$ 31,680</u>	<u>\$ 142</u>	<u>\$ 31,822</u>
Expenses:			
Administrative Cost:			
Master Association fees	\$ 1,977	\$ -	\$ 1,977
Liability insurance	500	-	500
Office supplies	130	-	130
Accounting/Review/Tax return	2,730	-	2,730
Legal	10,202	-	10,202
Postage	205	-	205
Web/Hosting	286	-	286
Grounds Maintenance Cost:			
Roadside maintenance	6,707	-	6,707
Paving	-	10,449	10,449
Signage	103	-	103
Sewer line maintenance	1,403	-	1,403
Snow Removal	1,333	-	1,333
Total expenses	<u>25,576</u>	<u>10,449</u>	<u>36,025</u>
Excess of Revenues Over (under) Expenses	<u>\$ 6,104</u>	<u>\$ (10,307)</u>	<u>\$ (4,203)</u>

See accompanying notes and Independent Accountant's Review Report.

CWE HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended December 31, 2020

	Operating Fund	Reserve Fund	Total
Fund Balance at December 31, 2019	\$ 20,868	\$ 85,398	\$ 106,266
Excess of Revenues over (under) Expenses	6,104	(10,307)	(4,203)
Interfund transfers	(22,000)	22,000	-
Fund Balance at December 31, 2020	\$ 4,972	\$ 97,091	\$ 102,063

See accompanying notes and Independent Accountant's Review Report.

CWE HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Operating Fund	Reserve Fund	Total
CASH FLOWS from Operating Activities:			
Excess of revenues over (under) expenses	\$ 6,104	\$ (10,307)	\$ (4,203)
Adjustments to reconcile Excess/(deficiency) of revenues over expenses to net cash provided by operating activities:			
Interfund transfers	(22,000)	22,000	-
(Increase) decrease in:			
Assessments receivable	727	-	727
Increase (decrease) in:			
Assessments received in advance	1,591	-	1,591
Net Cash Provided (Used) In Operating Activities	<u>(13,578)</u>	<u>11,693</u>	<u>(1,885)</u>
Net Increase (Decrease) in Cash	(13,578)	11,693	(1,885)
Cash at Beginning of Year	<u>22,639</u>	<u>85,398</u>	<u>108,037</u>
Cash at End of Year	<u>\$ 9,061</u>	<u>\$ 97,091</u>	<u>\$ 106,152</u>

See accompanying notes and Independent Accountant's Review Report.

CWE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1. Nature of Organization

Organization

CWE Homeowners Association, Inc. (the "Association") is a homeowners association, incorporated July 16, 1993, and located in Asheville, North Carolina. The Association, a non-profit corporation, is responsible for the operation and maintenance of the common property of CWE Homeowners Association, Inc. The Association consists of 57 residential units.

Note 2. Summary of Significant Accounting Policies:

Basis of Accounting

The financial statements of CWE Homeowners Association, Inc. have been prepared on the accrual basis of accounting.

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:

Operating Fund-This fund is used to account for financial resources available for the general operations of the Association.

Reserve Fund-This fund is used to accumulate financial resources designated for future repairs and maintenance.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

CWE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2020

Note 2. Summary of Significant Accounting Policies-Continued

Investments

Investments consist of a certificate of deposit at a local financial institution with a maturity date of over three months.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statement because those properties are owned by the individual unit owners in common and not by the Association.

Member Assessments

Association members are subject to monthly assessments to provide Funds for the Association's operating expenses and major repairs and replacements. The Board of Directors designates by budgetary allocation a portion of unit assessments to be utilized for future major repairs replacements. Assessments received are deposited into operation checking accounts, and subsequently, transferred to a money market account, as directed by the Board.

Income Taxes

For the year ended December 31, 2020, the Association files its income tax return as a homeowners' association, in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its investment income and other non-exempt function income. The Association incurred federal income tax expense of \$-0- for the year ended December 31, 2020 and North Carolina income tax expense of \$-0-. The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2020, 2019, and 2018 remain open to examination by the Internal Revenue Service.

CWE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2020Note 2. Summary of Significant Accounting Policies-ContinuedInterest Income

Interest income is allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund.

Note 3. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 4. Membership Assessments

Monthly assessments was \$50 for a residence and \$18.75 for a lot for 2020 per owner. There was \$609 in outstanding assessments at December 31, 2020.

Note 5. Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$97,091 at December 31, 2020, are held in separate accounts and are generally not available for operating purposes. During 2020, \$22,000 was designated as an addition to the Reserve account. Interest earned on such funds remains in the Reserve account.

CWE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2020Note 6. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 30, 2021, the date that the financial statements were available to be issued.