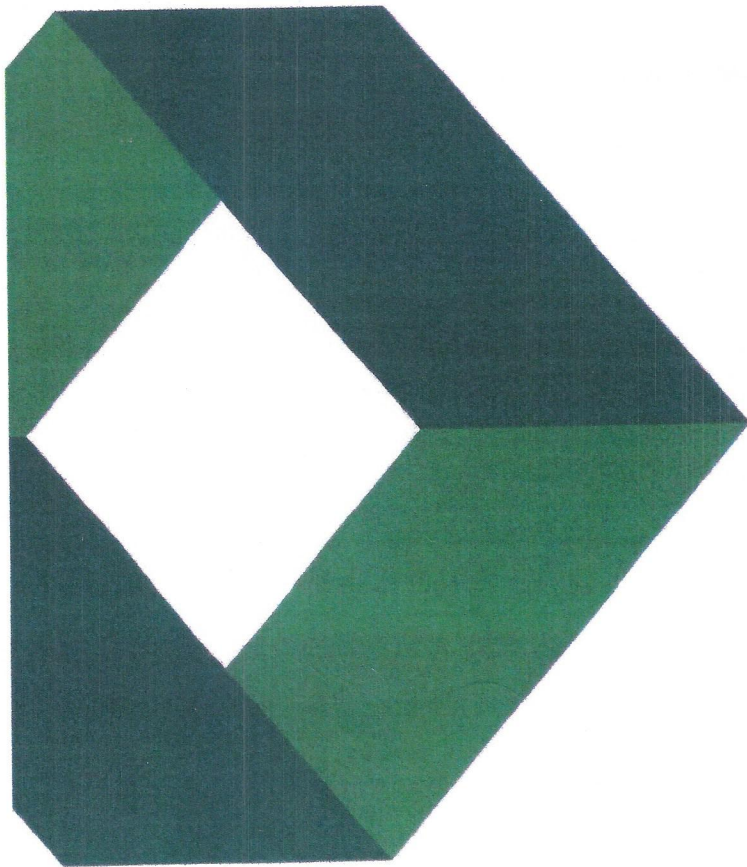


High Point Community
Property Owners, Inc.

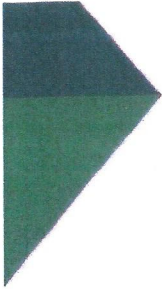
Financial Statements
For Year Ended 2024



DGPerry
CPAs + Advisors

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Independent Auditors' Report

To the Board of Directors
High Point Community Property Owners, Inc.
Brooksville, Florida

Opinion

We have audited the accompanying financial statements of High Point Community Property Owners, Inc. which comprise the balance sheet as of December 31, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of High Point Community Property Owners, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of High Point Community Property Owners, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about High Point Community Property Owners, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of High Point Community Property Owners, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about High Point Community Property Owners, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Revenues and Expenses-Budget and Actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a schedule of future replacements on pages 14 and 15 be presented to supplement the basic financial statements. Such information, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



DG Perry PLLC
August 22, 2025

High Point Community Property Owners, Inc.

Balance Sheet
For the Year Ended December 31, 2024

	Assets		
	Operating Fund	Replacement Fund	Total
Current Assets			
Cash	\$ 738,781	550,841	\$ 1,289,622
Accounts receivable, net	100,040	-	100,040
Prepaid expenses	8,804	-	8,804
Prepaid income taxes	110,800	-	110,800
Total Current Assets	958,425	550,841	1,509,266
Property, Plant and Equipment			
Furniture and fixtures	178,492	-	178,492
Motor vehicles	22,000	-	22,000
Buildings and improvements	1,974,182	-	1,974,182
Machinery and equipment	290,879	-	290,879
	<u>2,465,553</u>		<u>2,465,553</u>
Less: accumulated depreciation	(1,539,163)	-	(1,539,163)
	<u>926,390</u>		<u>926,390</u>
Land	117,709	-	117,709
	<u>1,044,099</u>	<u>-</u>	<u>1,044,099</u>
Net Property, Plant and Equipment	1,044,099	-	1,044,099
Total Assets	\$ 2,002,524	\$ 550,841	\$ 2,553,365
	Liabilities and Fund Equity		
Current Liabilities			
Prepaid service dues	\$ 23,732	\$ -	\$ 23,732
Accrued expenses	1,449	-	1,449
Deferred maintenance and capital expenditures	-	550,841	550,841
Deferred revenue - current	67,400	-	67,400
	<u>92,581</u>	<u>550,841</u>	<u>643,422</u>
Total Current Liabilities	92,581	550,841	643,422
Long-Term Liabilities			
Deferred revenue - noncurrent	572,900	-	572,900
	<u>572,900</u>	<u>-</u>	<u>572,900</u>
Total Long-Term Liabilities	572,900	-	572,900
Fund Equity			
Fund balance	1,337,043	-	1,337,043
	<u>1,337,043</u>	<u>-</u>	<u>1,337,043</u>
Total Fund Equity	1,337,043	-	1,337,043
Total Liabilities and Fund Equity	\$ 2,002,524	\$ 550,841	\$ 2,553,365

See accompanying notes and independent auditors' report

High Point Community Property Owners, Inc.

Statement of Revenues, Expenses, and Changes in Fund Balance For the Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Total
Revenues			
Members' service dues	\$ 773,899	\$ 37,145	\$ 811,044
Lot mowing and median maintenance	6,863	-	6,863
R.V. storage rents	35,480	-	35,480
Lot service income	12,155	-	12,155
Fine Income	105	-	105
Spectrum marketing agreement	33,700	-	33,700
Legal fees reimbursed	1,304	-	1,304
Late fees	5,083	-	5,083
Non-taxable income	17,854	-	17,854
Taxable income	12,391	-	12,391
Other income	16,347	-	16,347
Investment gain/loss	17,400	-	17,400
Interest income	11,349	-	11,349
Total Revenues	<u>943,930</u>	<u>37,145</u>	<u>981,075</u>
Expenses			
Salaries and related expenses	487,691	-	487,691
Insurance	119,631	-	119,631
Legal and accounting	143,179	-	143,179
Repairs and maintenance	67,282	-	67,282
Groundskeeping	9,127	-	9,127
Supplies	36,099	-	36,099
Security system	2,725	-	2,725
Utilities	152,307	-	152,307
Property taxes	6,233	-	6,233
Depreciation	70,606	-	70,606
Replacement expenditures paid	(37,145)	37,145	-
Other	71,630	-	71,630
Penalties - nondeduct	4,840	-	4,840
Total Expenses	<u>1,134,205</u>	<u>37,145</u>	<u>1,171,350</u>
Excess of revenues over expenses	(190,275)	-	(190,275)
Fund Equity, Beginning	<u>1,527,318</u>	-	<u>1,527,318</u>
Fund Equity, Ending	<u>\$ 1,337,043</u>	<u>\$ -</u>	<u>\$ 1,337,043</u>

See accompanying notes and independent auditors' report

High Point Community Property Owners, Inc.

Statement of Cash Flows For the Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Total
Cash Flows from Operating Activities			
Excess of revenue over expenses	\$ (190,275)	\$ -	\$ (190,275)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation	70,606	-	70,606
Accounts receivable	88,576	-	88,576
Prepaid expenses	(110,800)	-	(110,800)
Accounts payable	(4,395)	-	(4,395)
Prepaid service dues	(96,786)	-	(96,786)
Deferred maintenance and capital expenditures	-	46,685	46,685
Accrued expense	66,911	-	66,911
Net Cash Provided (Used) by Operating Activities	(176,163)	46,685	(129,478)
Cash Flows from Investing Activities			
Proceed from investments	207,680	-	207,680
Purchases of property and equipment, net	(113,076)	-	(113,076)
Net Cash Provided (Used) by Investing Activities	94,604	-	94,604
Cash Flows from Financing Activities			
Noncurrent Deferred Revenue	572,900	-	572,900
Net Cash Provided (Used) by Financing Activities	572,900	-	572,900
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	491,341	46,685	538,026
Beginning Cash, Cash Equivalents, and Restricted Cash	455,120	296,476	751,596
Ending Cash, Cash Equivalents, and Restricted Cash	\$ 946,461	\$ 343,161	\$ 1,289,622
Supplemental Disclosures			
Estimated income taxes paid (refunded)	\$ 110,800	\$ -	\$ 110,800
Interest paid	\$ -	\$ -	\$ -

See accompanying notes and independent auditors' report

High Point Community Property Owners, Inc.

Notes to Financial Statements For the Year Ended December 31, 2024

Note A - Summary of Significant Accounting Policies

The accounting policies that affect the more significant elements of the Association's financial statements are summarized below.

Organization

High Point Community Property Owners, Inc. (the Association) was incorporated on February 6, 1974, under the laws of the State of Florida as a not-for-profit corporation for the purpose of operating, maintaining, and repairing the common areas located within the High Point community, Brooksville, Florida. The Association has a total of 1,721 residential lots, of which 1,675 were occupied as of December 31, 2024.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Income is, thereby, recognized in the period in which the right to receive such income is established, not necessarily when it is received; and expenses are recognized in the period in which they are incurred, not necessarily when they are paid. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. These financial statements have been segregated into two funds, Operating Fund and Replacement Fund.

Operating Fund

Receipts in the operating fund consist mainly of members' monthly assessments for certain services and maintenance of the common areas and facilities. This fund is used to account for the financial resources available for the general operations of the Association.

Replacement Fund

This fund is used to accumulate financial resources designated for future replacements (see Note C).

Accounting Policy for Leases

The Association leases certain equipment on a demand basis. The Association has elected the practical expedient for short-term leases as the lease term is less than 12 months. For the year ended December 31, 2024, the Association has two operating leases for office equipment, both are under a noncancellable long-term lease obligation. Lease expense for the Association for the year ended December 31, 2024 was \$15,271.

High Point Community Property Owners, Inc.

Notes to Financial Statements
For the Year Ended December 31, 2024

Note A - Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents, and Restricted Cash

For purposes of cash flow analysis, all current checking and money market funds and other bank deposits available for immediate withdrawal are considered as cash or cash equivalents for financial reporting purposes.

Cash consisted of the following as of December 31, 2024:

	Operating Fund	Replacement Fund
Petty cash	\$ 26	\$ -
Checking accounts	160,065	126,098
Money market accounts	578,691	424,742
Certificates of deposit	-	-
Total Cash	<u>\$ 738,782</u>	<u>\$ 550,840</u>

Cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash also includes other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and effectively may withdraw funds at any time without prior notice or penalty.

The Association maintains its cash accounts with the various financial institutions. As of December 31, 2024, the amounts on deposit with financial institutions are generally covered by FDIC insurance. As of year-end, deposits at one institution exceeded FDIC insurance coverage by an amount of approximately \$519,363.

Property, Plant and Equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership apart from real property directly associated with the residential units. At December 31, 2024, property not capitalized consists of roads and easements. According to the Association's governing documents, a majority of unit owners voting at a special meeting for that purpose must approve the mortgage of any commonly owned real property. Property and equipment acquired by the Association are recorded at cost, and property contributed to the Association by the developer is recorded at estimated fair value at the date of contribution. Land and buildings contributed by the fire department are stated at their estimated fair market value as of the date of donation and said amounts are reflected as increases in capital accounts of the Association.

Depreciation

Common property with a cost of \$1,000 or greater is capitalized and depreciated over its estimated useful life using straight-line and accelerated methods of depreciation.

Accounts Receivable

Accounts receivable at year end consists of uncollected assessments and other amounts due at year end. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus, receivables do not bear interest.

High Point Community Property Owners, Inc.

Notes to Financial Statements For the Year Ended December 31, 2024

Note A - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses

The allowance for credit losses is calculated on a pooled basis where similar risk characteristics exist. Receivables are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible. The allowance is derived from a review of the Association's historical losses and is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Association. The Association believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Association's customers have remained constant since the Association's inception.

An allowance for credit losses is \$8,651 for the year ended December 31, 2024.

The Association writes off receivables as a deduction from the allowance for credit losses when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs was immaterial to the financial statements as a whole for the year ending December 31, 2024. The amount of credit loss expense was \$16,795 for the year ended December 31, 2024.

Note B - Members' Service Dues

The Association's monthly homeowner's service dues were \$44 for the year ended December 31, 2024.

Owners of vacant lots paid monthly lot service dues of \$22 for the year ended December 31, 2024. The annual budget and member service dues are determined by the board of directors and approved by the property owners. It is the Association's policy that any excess operating funds at the end of the year will be retained for use in future operating periods.

Note C - Future Major Repairs and Replacements

The Association is accumulating funds for future major repairs and replacements. Accumulated funds of \$550,841 at December 31, 2024, were held in separate accounts and were not considered available for operating purposes.

During a prior year (2007), the Association contracted with Reserve Advisors, Inc. to conduct a study to determine the reserve funding requirements to finance future replacements and major repairs when they are required. Reserve funding in the current year partially funded the estimated requirements. No adjustment or additional transfers were made to the reserve funds as a result of this study during 2014. The accumulation of funds based on estimates of future costs and the actual expenditures to meet these costs may vary from these estimates and the variations may be material in amount. If additional funds are needed, the Association has the right, subject to member approval, to increase service dues or levy special assessments, or it may delay major repairs and replacements until funds are available.

High Point Community Property Owners, Inc.

Notes to Financial Statements
For the Year Ended December 31, 2024

Note C - Future Major Repairs and Replacements (continued)

The following schedule summarizes the activity of the replacement fund for the year ended December 31, 2024:

Components	Balance January 1, 2024	Additions to Fund	Charges to Fund	Intrafund Transfers	Balance December 31, 2024
Community Center					
Roof - Complete	\$ 23,395	\$ 3,141	\$ -	\$ -	\$ 26,536
Floors	46,929	10,395	-	-	57,324
Air Handling/AC	34,509	1,000	-	-	35,509
Kitchen Equipment	8,617	1,808	-	-	10,425
Tables and Chairs	13,133	854	-	-	13,987
Sound System	10,509	-	-	-	10,509
Security Cameras	13,938	3,796	-	-	17,734
Ice Maker	5,531	216	-	-	5,747
Floor Scrubber	8,109	1,080	-	-	9,189
Canopy - CC	9,576	2,267	-	-	11,843
Stage Curtains	8,995	452	-	-	9,447
Stage equipment	(8,450)	-	-	-	(8,450)
Total Community Center	174,791	25,009	-	-	199,800
Painting					
Painting - All	12,452	5,029	-	-	17,481
Total Painting	12,452	5,029	-	-	17,481
Pool					
Structure Pool and Deck	26,384	4,025	-	-	30,409
Filtration System/Pumps	11,106	9,403	-	-	20,509
Surface Finish	24,509	1,333	-	-	25,842
2 Geo-Thermal Heaters	13,777	2,083	-	-	15,860
Fencing (Privacy PVC)	7,665	404	-	-	8,069
Geothermal Pump	(22,861)	-	-	-	(22,861)
Total Pool	60,580	17,248	-	-	77,828

High Point Community Property Owners, Inc.

Notes to Financial Statements For the Year Ended December 31, 2024

Note C - Future Major Repairs and Replacements (continued)

Components	Balance January 1, 2024	Additions to Fund	Charges to Fund	Intrafund Transfers	Balance December 31, 2024
Recreation Facilities					
Tennis, Shuffleboard, etc.	20,745	3,176	-	-	23,921
Total Recreation Facilities	20,745	3,176	-	-	23,921
Office - Computer and Furniture	6,842	1,000	-	-	7,842
Total Office - Computer and Furniture	6,842	1,000	-	-	7,842
Outbuildings/Flatwork					
Security Booth, Sidewalks, Curbing, Shed	7,993	2,288	(18,061)	-	(7,780)
Total Outbuildings/Flatwork	7,993	2,288	(18,061)	-	(7,780)
Rules and Enforcement Cart					
Rules and Enforcement Cart	7,271	805	-	-	8,076
Total Rules and Enforcement Cart	7,271	805	-	-	8,076
Maintenance Equipment					
Club Car (Cushman)	9,878	821	-	-	10,699
2015 Chevy Truck	26,633	2,235	-	-	28,868
Lazer Z 60" - 2016	6,514	-	-	-	6,514
Lazer Z 60" - 2017	15,146	6,363	-	-	21,509
Lazer Z 60" - 2020	14,509	3,000	-	-	17,509
Lazer Z 60" - 2022	20,967	2,107	-	-	23,074
Lazer Z 60" - 2023	(13,507)	3,090	(1,214)	-	(11,631)
Total Maintenance Equipment	80,140	17,616	(1,214)	-	96,542
Fence					
Perimeter Fence	8,636	3,699	-	-	12,335
Fencing - Compound RV	5,847	333	-	-	6,180
Total Fence	14,483	4,032	-	-	18,515
Parking Lot					
Lot Seal, Stripe, and Repave	95,740	4,877	-	-	100,617
Total Parking Lot	95,740	4,877	-	-	100,617
Demolition					
Demolition	19,259	2,000	-	-	21,259
Total Demolition	19,259	2,000	-	-	21,259
Unallocated					
Unallocated	3,860	750	(17,870)	-	(13,260)
Total Unallocated	3,860	750	(17,870)	-	(13,260)
Totals:	\$ 504,156	\$ 83,830	\$ (37,145)	\$ -	\$ 550,841

Note D - Accounts Receivable

It is the Association's policy to retain legal counsel and place liens and conduct foreclosure proceedings on the property of delinquent homeowners. Recognizing that all receivables may not be collected, an allowance for credit losses was established, and had a balance of \$8,651 at December 31, 2024.

High Point Community Property Owners, Inc.

Notes to Financial Statements For the Year Ended December 31, 2024

Note E - Investments

Investments consist primarily of United States Treasury Notes which matured in fiscal year 2024. These securities are typically held until maturity and are carried at cost. The fair market value of these investments approximates their costs.

The Association held no investments at December 31, 2024, and therefore had no uninsured amounts; investments are not considered deposits and are not FDIC insured.

Note F - Income Taxes

The Association will file its 2024 federal income tax return as a membership organization pursuant to Section 277 of the Internal Revenue Code. Section 277 requires that income and expenses be classified as either membership or non-membership.

Net membership income is taxed at the regular corporate flat rate of 21%. Under certain circumstances, however, this tax may be avoided if the conditions of Revenue Ruling 70-604 are appropriate and complied with.

Net non-membership income is derived from the Association's dealings with non-members (such as investment income) and is also taxed at the rate of 21%. State of Florida corporate income tax is due on all federal taxable income in excess of \$50,000 at the rate of 5.5%.

Estimated Federal and State income tax expense for the year 2024 was \$110,800.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in income tax returns that require recognition or disclosure in the accompanying financial statements. The Association's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Note G - Commitments

The Association entered into a 10-year Communication Network and Service Agreement with Spectrum Sunshine State, LLC in June 2024 for exclusive marketing and bulk cable internet services. In the event of early termination under certain conditions, the Association is required to pay the operator an amount equal to its reasonably expected revenues for the remainder of the term.

Contract revenue over the next five years and thereafter will be as follows:

Year Ended December 31,	Amount
2025	\$ 67,400
2026	67,400
2027	67,400
2028	67,400
2029	67,400
2030-2034	303,300
Total	<u>\$ 640,300</u>

High Point Community Property Owners, Inc.

Notes to Financial Statements For the Year Ended December 31, 2024

Note H - Lease Agreements

The Association leases office equipment under non-cancelable operating leases expiring in 2026.

Minimum future rental payments for the next two years under the operating leases having remaining terms in excess of one year as of December 31, 2024 are estimated as follows:

Year Ended December 31,	Amount
2025	\$ 13,151
2026	6,212
Total	<u>\$ 19,363</u>

Note I - Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The Association measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1 Fair Value Measurements

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Fair Value Measurements

Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Fair Value Measurements

Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Association's significant financial instruments are cash, accounts receivable, accounts payable, short-term borrowings and other short-term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short maturity of these instruments.

Note J - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

High Point Community Property Owners, Inc.

Notes to Financial Statements
For the Year Ended December 31, 2024

Note K - Revenue Recognition

The following is a description of principal activities from which the Association generates its revenue and their respective treatment under ASC 606, Revenue from Contracts with Customers.

Operating Assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's operating expenses. The assessments are payable monthly. The performance obligation for operating assessments is the maintenance and management of the common area property of the Association. The Association recognized revenue from operating assessments on a periodic basis throughout the fiscal year (over a period of time) to the extent that collections of the assessments is probable.

Replacement Reserve Assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's future major repairs and replacements. The assessments are payable monthly. The performance obligation for replacement reserve assessments is the expenditure of the assessed funds for the intended purpose. The Association recognizes revenue from replacement reserve assessments when or as the related expenditures are made (generally at a point in time) to the extent that collections of the assessments is probable. Unspent replacement reserve assessments are presented as a contract liability on the balance sheet (*deferred maintenance and capital expenditures*). This treatment results in a reclassification of pre-adoption fund balance as a contract liability.

Special Assessments

The Association has the authority to levy special assessments, subject to unit owner approval in some circumstances, as specified in their governing documents or state statutes. The performance obligation is the expenditure of the assessed funds for the intended purpose and until then are reflected as contract liabilities on the balance sheet (*deferred special assessments*). The Association recognizes revenue from special assessments when or as the performance obligations, as indicated by the purpose or use of the special assessment funding, are satisfied made (generally at a point in time) to the extent that collection of the assessments is probable.

Ancillary Operations

Ancillary operations describe any Association activities other than the ordinary maintenance, security, governance, and administrative activities common to most associations. The Association recognizes revenue from ancillary operations when or as the performance obligations are satisfied (generally at a point in time) to the extent that collection of the revenue is probable. Examples of the Association's ancillary operations include:

- Late fees
- Application fees
- R.V. Storage Rents
- Lot mowing and maintenance fees
- Other income

Note L - Subsequent Events

Management has evaluated subsequent events through August 22, 2025 the date the financial statements were available to be issued.

High Point Community Property Owners, Inc.

Schedule of Future Replacements (Unaudited) As of December 31, 2024

Component	Estimated Life	Remaining Life	Estimated Replacement Cost*	Replacement Fund Balance 12/31/2024*
<u>Buildings/Community Center</u>				
Roof - complete	25	15	\$ 66,000	\$ 26,536
Floor tiles	15	4	84,000	57,324
A/C - new	15	6	36,000	35,509
Kitchen equipment	15	11	24,000	10,425
Tables and chairs	20	20	24,000	13,987
Sound system	10	0	3,600	10,509
Security system	10	7	36,000	17,734
Ice maker	15	11	3,400	5,747
Floor scrubber	12	10	10,800	9,189
Canopy complete	5	2	9,600	11,843
Stage curtains	10	6	7,200	9,447
Stage equipment	5	5	6,000	(8,450)
Painting - all	7	2	18,000	17,481
			<u>328,600</u>	<u>217,281</u>
<u>Pool</u>				
Structure pool and deck	10	5	45,000	30,409
Filtration system/pumps	10	1	16,000	20,509
Surface finish	20	3	24,000	25,842
Geo-thermal heating system	12	12	25,000	15,860
Geothermal pump	40	40	10,000	(22,861)
Fencing (privacy)	20	10	7,200	8,069
			<u>127,200</u>	<u>77,828</u>
<u>Recreation</u>				
Tennis, shuffleboard, etc.	20	10	48,000	23,921
Security booth, sidewalks, curbing, shed	15	7	24,000	(7,780)
			<u>72,000</u>	<u>16,141</u>
<u>Office - Computers and Furniture</u>				
Office - computers and furniture	5	5	6,000	7,842
			<u>6,000</u>	<u>7,842</u>

*Estimated replacement costs are based on the study done in 2007. Replacement fund balance line items are management's budgeted allocation of available replacement fund monies. The homeowners have elected to partially fund the reserve amounts determined by the 2007 study.

See independent auditors' report on required supplementary information

High Point Community Property Owners, Inc.

Schedule of Future Replacements (Unaudited) As of December 31, 2024

Component	Estimated Life	Remaining Life	Estimated Replacement Cost*	Replacement Fund Balance 12/31/2024*
<u>Maintenance Equipment</u>				
Rules enforcement cart	10	9	7,000	8,076
Club car (cushman)	15	11	14,000	10,699
2015 Chevy truck	10	8	40,000	28,868
60" Lazer Exmark 2016	6	2	12,000	6,514
60" Lazer Exmark 2017	6	1	17,000	21,509
60" Lazer Exmark 2020	6	6	12,000	17,509
60" Lazer Exmark 2022	6	5	17,000	23,074
60" Lazer Exmark 2023	10	10	17,000	(11,631)
			<u>136,000</u>	<u>104,618</u>
<u>Fence</u>				
Perimeter fence	50	50	282,000	12,335
Fencing compound RV	50	50	18,000	6,180
			<u>300,000</u>	<u>18,515</u>
<u>Miscellaneous</u>				
Lot seal, stripe, and repave	30	10	140,000	100,617
Demolition	10	7	20,000	21,259
			<u>160,000</u>	<u>121,876</u>
<u>Total of all Components</u>			<u>\$ 1,129,800</u>	<u>\$ 564,101</u>
Replacement Fund Balance				\$ 550,841
Unallocated Funds				\$ (13,260)

*Estimated replacement costs are based on the study in 2007. Replacement fund balance line items are management's budgeted allocation of available replacement fund monies. The homeowners have elected to partially fund the reserve amounts determined by the 2007 study.

High Point Community Property Owners, Inc.

Statement of Revenues and Expenses - Budget and Actual As of December 31, 2024

	Budget	Actual	Variance to Budget Favorable (Unfavorable)
Revenues			
Members' service dues	\$ 884,400	\$ 811,044	\$ (73,356)
Lot mowing and median maintenance	13,303	6,863	(6,440)
R.V. storage rents	46,700	35,480	(11,220)
Fine income	-	105	105
Other income	36,994	98,834	61,840
Interest income	-	11,349	11,349
Regions investment gains	100,000	17,400	(82,600)
Total Revenues	<u>1,081,397</u>	<u>981,075</u>	<u>(100,322)</u>
Expenses			
Salaries and related expenses	477,353	487,691	(10,338)
Insurance	140,000	119,631	20,369
Legal and accounting	52,000	143,179	(91,179)
Repairs and maintenance	84,000	76,409	7,591
Supplies	50,000	36,099	13,901
Security System	4,000	2,725	1,275
Utilities	119,500	152,307	(32,807)
Property taxes	7,500	6,233	1,267
Depreciation	-	70,606	(70,606)
Penalties	-	4,840	(4,840)
Bad debts	11,500	16,795	(5,295)
Other	36,000	54,835	(18,835)
Total Expenses	<u>981,853</u>	<u>1,171,350</u>	<u>(189,497)</u>
Excess of Revenues over Expenses	<u>\$ 99,544</u>	<u>\$ (190,275)</u>	<u>\$ (289,819)</u>

See independent auditors' report on required supplementary information