

***THE VILLAGE AT TINKER CREEK
HOMEOWNERS' ASSOCIATION, INC.***

FINANCIAL STATEMENTS

DECEMBER 31, 2024

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3
Statement of Assets, Liabilities and Net Assets - modified cash basis	5
Statement of Revenues, Expenses and changes in Net Assets - modified cash basis	6
Statement of Cash Flows - modified cash basis	7
NOTES TO FINANCIAL STATEMENTS	8
Supplementary Information - Future Major Repairs and Replacements	13

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Independent Auditors' Report

To the Board of Directors
THE VILLAGE AT TINKER CREEK
Homeowners Association, Inc.
Roanoke, Virginia

We have audited the accompanying statement of financial statement of **The Village at Tinker Creek Homeowners Association, Inc.**, which comprise the statement of assets, liabilities and net assets - modified cash basis as of December 31, 2024, and related statements of revenues expenses, and changes in fund balance - modified cash basis and cash flows - modified cash basis for the year 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 statement of assets, liabilities and net assets - modified cash basis of **The Village at Tinker Creek Homeowners Association, Inc.** as of December 31, 2024, and the changes in its net assets - modified cash basis, and its cash flows - modified cash basis for the year then ended in accordance with the modified cash basis of accounting principles.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis accounting principles ; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks material misstatements of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***The Village at Tinker Creek Homeowners Association, Inc.*** as of December 31, 2024, and the results of its operations for the year then ended in conformity with the modified cash basis of accounting principles.

Required Supplementary Information about Future Major Repairs and Replacements

Modified cash basis accounting principles require that the Schedule of Future Major Repairs and Replacements on page 13 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, who 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 in accordance with U.S. generally accepted auditing standards, 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Bortnott & Schalen, LLC

June 20, 2025
Roanoke, Virginia

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC
Statement of Assets, Liabilities and Fund Balance - modified cash basis
December 31, 2024

	General Fund	Operating Fund	Capital Fund	Total of all funds
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash in bank	\$ 2,281	\$ -	\$ -	\$ 2,281
Cash in bank - money market	-	17,981	-	17,981
Cash in bank - money market	-	-	134,229	134,229
Certificate of Deposit	-	-	-	-
Total Current Assets	2,281	17,981	134,229	154,491
<u>Other Current Assets</u>				
Dues receivable	-	-	-	-
Transfers From(To) Bank Accounts	-	-	-	-
Total Other Current Assets	-	-	-	-
<u>Property and Equipment</u>				
Less: accumulated depreciation	-	-	-	-
Total Property and Equipment	-	-	-	-
Total Assets	\$ 2,281	\$ 17,981	\$ 134,229	\$ 154,491
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current liabilities</u>				
Prepaid dues	\$ 4,532	\$ -	\$ -	\$ 4,532
Fund Balance	\$ (2,251)	\$ 17,981	\$ 134,229	\$ 149,959
Total Liabilities and Fund Balance	\$ 2,281	\$ 17,981	\$ 134,229	\$ 154,491

See accompanying notes.

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC
Statement of Revenues, Expenses and Changes in Net Assets - modified cash basis
For the Year Ended December 31, 2024

	<u>General Fund</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total of all funds</u>
Revenues				
Homeowners' dues	\$ 246,758	\$ -	\$ -	\$ 246,758
Interest	-	621	3,631	4,252
Clubhouse	2,050	-	-	2,050
Initial contributions	1,390	-	-	1,390
Other Miscellaneous	793	-	-	793
Transfer of funds	<u>(57,240)</u>	<u>16,505</u>	<u>44,700</u>	<u>3,965</u>
Total Revenues	<u>\$ 193,751</u>	<u>\$ 17,126</u>	<u>\$ 48,331</u>	<u>\$ 259,208</u>
Expenses				
Administrative expenses	\$ 46,099	\$ -	\$ -	\$ 46,099
Pond	-	-	29,951	29,951
Miscellaneous	-	-	(1,105)	(1,105)
Grounds & landscape expense	130,940	16,860	-	147,800
Maintenance & repairs	4,764	1,105	-	5,869
Clubhouse	11,254	-	-	11,254
HVAC	-	-	7,600	7,600
Utilities	<u>6,958</u>	<u>-</u>	<u>-</u>	<u>6,958</u>
	200,015	17,965	36,446	254,426
Excess (Deficiency)	(6,264)	(839)	11,885	4,782
Prior period adjustments (PP and A/R)	-	-	-	-
Net Assets (Deficit) - Beginning	<u>4,013</u>	<u>18,820</u>	<u>122,344</u>	<u>145,177</u>
Net Assets (Deficit) - Ending	<u>\$ (2,251)</u>	<u>\$ 17,981</u>	<u>\$ 134,229</u>	<u>\$ 149,959</u>

See accompanying notes.

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC
Statement of Cash Flows - modified cash basis
Year Ended December 31, 2024

	General Fund	Operating Fund	Capital Fund	Total of all funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income or (loss)	\$ (6,264)	\$ (839)	\$ 11,885	\$ 4,782
Depreciation and amortization	-	-	-	-
Adjustments to reconcile net income to net cash provided by operating activities:				
(Increase) decrease in account receivable	-	-	-	-
(Increase) decrease in Transfer of funds	-	-	-	-
Increase (decrease) in prepaid dues	346	-	-	346
Net cash provided (used) by operating	(5,918)	(839)	11,885	5,128
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	-	-	-	-
Paid-In capital	-	-	-	-
Net cash provided (used) in investing activities	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term debt	-	-	-	-
Payments of long-term debt	-	-	-	-
Net cash flows provided (used) by financing	-	-	-	-
Net increase (decrease) in cash	(5,918)	(839)	11,885	5,128
Prior period adjustments (PP and A/R)	-	-	-	-
CASH				
Beginning of year	8,199	18,820	122,344	149,363
End of year	\$ 2,281	\$ 17,981	\$ 134,229	\$ 154,491

See accompanying notes.

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC
Notes to Financial Statements
December 31, 2024

Note 1 - Organization and summary of significant accounting policies

Organization

The Association was incorporated in the state of Virginia as a nonstock organization responsible for the operation and maintenance of the common property within its development. This association is located in North Roanoke County and is comprised of privately owned single-family homes and townhomes. There is a total of 146 units.

Basis of Presentation

The records of the Organization are maintained on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when received rather than earned, and expenses are recognized when paid rather than when the obligation is incurred. However, accrued payroll and vacation, unearned grant revenue accounts payable and receivable, depreciation, are not being recorded or are not recorded on the accrual basis of accounting.

Member Assessments

Association members are charged monthly assessments and assessment supplements to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in future years.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting principles requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

The Financial Accounting Standards Board (FASB) issued guidance in the Accounting Standards Codification (ASC) Topic 606 Revenue from Contracts with Customers. FASB ASC 606 is a revenue recognition standard that affects businesses that enter into contracts with customers to transfer goods and services, including public, private and non-public entities. The purpose of the standard is to eliminate variations in the way businesses across industries handle accounting for similar transactions

The Association collects dues and assessments on a monthly basis and no contract has been put in place. Thus, there are no contract liabilities. Revenue is simply recorded as paid by the Homeowner or Condoowner using the accrual basis of accounting. This could entail a prepaid due or an accounts receivable of dues depending on the timing of the payment.

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC

Notes to Financial Statements

December 31, 2024

Note 1 - Organization and summary of significant accounting policies (continued)

Net Assets

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, which requires that funds such as the general fund, the operating fund and funds designated for future major repairs and replacements be classified separately for accounting and reporting purposes. The assets, liabilities and fund balances of the Association are reported in three self-balancing fund groups.

The general fund reflects the operating assessments paid by owners to meet the regular, recurring costs of operation. Expenditures from this fund are limited to those connected with the day-to-day operations.

The capital fund is used to help with major projects whenever necessary.

The operating fund is composed of assessments paid by owners to fund future repairs and replacements. Interest earned on the operating fund is retained in the fund net of applicable income taxes, if required. These funds may be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a majority of owners.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the value of such assets and liabilities.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash in banks, mutual funds and certificates of deposit with maturities of three months or less.

Concentration of credit risk

Financial instruments may potentially subject the Association to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of American, consist mostly of bank accounts, high quality short-term liquid money market instruments with major financial institutions, and certificate of deposits.

The Association maintains its cash and cash equivalents balance at several financial institutions. The Federal Deposit Insurance Corporation insures accounts up to \$250,000 at each of the financial institutions.

Interest Income

Interest income earned by the replacement fund remains in that fund. Other interest income earned by the operating fund cash account is credited to that fund account.

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC
Notes to Financial Statements (continued)
December 31, 2024

Note 1 - Organization and summary of significant accounting policies (continued)

Property and Equipment

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

The Association has no property, equipment, real estate or other that it chooses to capitalize and depreciate.

Note 2 - Date of Management Review (Subsequent Events)

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 20, 2025, the date that the financial statements were available to be issued.

Note 3 - Related party Transactions

The Association utilizes a property management company that manages the day-to-day operations of the Association. In addition to a management fee, other significant expenses may be incurred generally consisting of administrative expenses.

Note 4 - Commitments and contingencies

The Association may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. Management reviews the validity of such actions and acts accordingly. The financial statements do not include any adjustments for such actions. The Association also has entered into various contracts for services including management and other services. The Association engages professional management companies to provide property management services. Management fees totaled \$30,332 for the year ended December 31, 2024. In addition, the Association reimburses the management company for out-of-pocket expenses incurred on its behalf.

Note 5 - Income Taxes

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 and other income received from Association 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 \$0 income tax expense for the year ended December 31, 2024.

The Association's tax filings are subject to audit by taxing authorities. The FASB has issued guidance on accounting for uncertainty in income taxes and the Association adopted this guidance. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC

Notes to Financial Statements (continued)

December 31, 2024

Note 6 - Operating Fund Reserve

The Association's governing documents generally provide for the levying of special assessments when needed and regular assessments in order to assist with repairs and replacements and other general operating expenses that are needed.

Beginning balance, Savings	\$ 18,820
Budgeted reserves	16,505
Expenses	(17,965)
Interest earned	<u>621</u>
Total Operating Fund Reserve	\$ <u>17,981</u>
Operating Fund Reserve - money market	\$ <u>17,981</u>

Note 7 - Capital Fund Reserve

The association's has created a savings account that accumulates reserves for various capital expenditures. The association does expect to spend various amounts to upgrade the facilities in the near future. When funds are required, the association will use a combination of borrowing, using existing reserve funds, increasing dues, using special assessments or delaying certain upgrades until the funds become available.

Beginning balance, Savings	\$ 122,344
Budgeted Reserve deposits	44,700
Expenses	(36,446)
Interest earned	<u>3,631</u>
Total Capital Fund Reserves	\$ <u>134,229</u>
Capital Fund Reserve - money market	\$ <u>134,229</u>

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC
Notes to Financial Statements (continued)
December 31, 2024

Note 8: LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Total Financial Assets	
Cash and cash equivalents	\$ 154,491
Less amounts not available to be used within one year:	\$ (4,532)
Financial assets available to meet cash needs for general expenditures within one year	\$ 149,959

Note 9: FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis were as follows as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Money Markets	\$ 152,210	\$ -	\$ -	\$ 152,210
Certificate of Deposits	\$ -	\$ -	\$ -	\$ -
Total	\$ 152,210	\$ -	\$ -	\$ 152,210

THE VILLAGE AT TINKER CREEK HOMEOWNERS ASSOCIATION, INC
Supplementary Information - Future Major Repairs and Replacements
December 31, 2024

In 2023, a reserve study was conducted to assess the future major repairs and replacements that will needed in the next eight years. The following lists the nature of the repairs along with the amount projected to be spent on each repair:

<u>Description</u>	Number of Components	Useful <u>Life</u>	<u>Amount</u>
Roads, Curbs, Sidewalks, Pavers	12	30	\$ 777,153
Site Components	17	30	231,293
Ponds & Storm Water Management	5	40	390,424
Clubhouse	73	30	594,249
Excluded components	12	0	<u>-</u>
Total future major repairs and replacements			<u><u>\$ 1,993,119</u></u>