

VILLAGE GREEN
HOMEOWNERS ASSOCIATION
OF CHARLESTON, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2020

GREGORY R. TOOHEY, CPA, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Village Green Homeowners Association of Charleston, Inc.

We have audited the accompanying financial statements of Village Green Homeowners Association of Charleston 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk 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 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 Village Green Homeowners Association of Charleston, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

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 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. Our opinion on the basic financial statements is not affected by this missing information.

Gregory R. Toohey, CPA, LLC

Myrtle Beach, South Carolina

September 27, 2021

Village Green
Homeowners Association of Charleston, Inc.
Balance Sheet
As of December 31, 2020

	Operating Fund	Reserve Fund	Total
Assets			
Cash & Cash Equivalents	\$42,246	\$181,761	\$224,007
Accounts Receivable	58,338		58,338
Allowance for Doubtful Accounts	(55,000)		(55,000)
Due from Reserves	17,214		17,214
Prepaid Insurance	3,253		3,253
Total Assets	\$66,051	\$181,761	\$247,812
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$1,099		\$1,099
Due to Operating		\$17,214	17,214
Prepaid Assessments	22,888		22,888
Total Liabilities	23,987	17,214	41,201
 Fund Balances			
Prior Year Fund Balance	42,799	167,708	210,507
Net Income (Loss)	(735)	(3,161)	(3,896)
Total Fund Balances	42,064	164,547	206,611
Total Liabilities and Fund Balances	\$66,051	\$181,761	\$247,812

See Independent Accountants' Audit Report
and Notes to Financial Statements

Village Green
Homeowners Association of Charleston, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balance
Year Ended December 31, 2020

	Operating Fund	Reserve Fund	Total
Revenues			
Regular Assessments	\$140,585		\$140,585
Other Income			
Finance Fees	1,846		1,846
Fines	1,175		1,175
Interest Income		\$2,053	2,053
Returned Check Fees	50		50
Reserve Funding	(12,000)	12,000	0
Total Revenues	<u>131,656</u>	<u>14,053</u>	<u>145,709</u>
Expenses			
General & Administrative Expenses			
Administrative - Fixed	2,356		2,356
Administrative - Variable	2,017		2,017
Audit/Accounting Fees	300		300
Bad Debt	5,000		5,000
Collection Fees	3,233		3,233
Federal Income Tax	1,178		1,178
Insurance	6,973		6,973
Legal Fees	2,133		2,133
Management Services	24,726		24,726
Real Property Tax	67		67
State Franchise Tax	218		218
Landscape Maintenance			
Fountain Expense	2,692		2,692
Landscape Contract	54,000		54,000
Landscape Supplies	7,155	17,214	24,369
Pine Straw Expense	3,000		3,000
Tree Trimming/Removal	250		250
Repairs & Maintenance			
General Maintenance	502		502
Retention Pond Maintenance	8,333		8,333
Storm Drain Repair	75		75

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Village Green
Homeowners Association of Charleston, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balance
 Year Ended December 31, 2020

	Operating Fund	Reserve Fund	Total
Utilities			
Electricity	8,183		8,183
Total Expenses	<u>132,391</u>	<u>17,214</u>	<u>149,605</u>
 Excess of Revenues Over Expenses	 (\$735)	 (\$3,161)	 (\$3,896)
Beginning Fund Balances, as Originally Stated	99,777	167,708	267,485
Correction of Prior Period Error (Note 7)	<u>(56,978)</u>		<u>(56,978)</u>
Beginning Fund Balances, as Adjusted	<u>42,799</u>	<u>167,708</u>	<u>210,507</u>
 Ending Fund Balances	 <u>\$42,064</u>	 <u>\$164,547</u>	 <u>\$206,611</u>

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 and Notes to Financial Statements

Village Green
Homeowners Association of Charleston, Inc.
Statement of Cash Flows
 Year Ended December 31, 2020

	Operating Fund	Reserve Fund	Total
Cash Flows from Operating Activities			
Net Income (Loss)	(\$735)	(\$3,161)	(\$3,896)
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Adjustments to reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Accounts Receivable	12,096		12,096
Allowance for Doubtful Accounts	(1,977)		(1,977)
Due Between Funds	(17,214)	17,214	0
Prepaid Insurance	(53)		(53)
Accounts Payable	259		259
Prepaid Assessment	(33,113)		(33,113)
Total Adjustments	(40,002)	17,214	(22,788)
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Net Cash Provided (Used) By Operating Activities	(40,737)	14,053	(26,684)
Cash at Beginning of Period	82,983	167,708	250,691
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Cash at End of Period	\$42,246	\$181,761	\$224,007
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VILLAGE GREEN
HOMEOWNERS ASSOCIATION OF CHARLESTON, INC.
Notes to Financial Statements
December 31, 2020

NOTE 1 NATURE OF ORGANIZATION

Village Green Homeowners Association of Charleston, Inc. (the "Association") is a nonprofit organization incorporated and existing under the laws of the State of South Carolina. The Association is responsible for maintaining and preserving common property, enforcing rules for mutual benefit, and providing other common services to Association members.

NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 27, 2021, which is the date that the financial statements were available to be issued.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's policy is to prepare its financial statements on the accrual basis of accounting with revenues being recognized when they are billed or due and expenses being recognized when the expense is incurred.

The Association's governing documents provide certain guidelines for managing 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 general operations of the Association.

Reserve Fund – This fund is used to accumulate financial resources for future major repairs and replacements.

VILLAGE GREEN
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Notes to Financial Statements
December 31, 2020

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements.

Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating and reserve assessments are satisfied over time on a daily pro-rata basis using the input method.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. Any excess assessments at year end are retained by the Association for use in the succeeding year.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control.

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 statements as is prevalent industry practice.

Estimates

The preparation of financial statements 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.

VILLAGE GREEN
HOMEOWNERS ASSOCIATION OF CHARLESTON, INC.
Notes to Financial Statements
December 31, 2020

NOTE 4 INCOME TAXES

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year 2020 the Association was taxed as a homeowners' association and filed form 1120-H.

As of the date of the financial statements the three prior tax years remain subject to examination by taxing authorities.

NOTE 5 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents provide that the Association accumulate funds for future major repairs and replacements.

These funds are held in separate accounts and are generally not available for operating purposes. It is the Association's policy that interest earned on these accounts is allocated to the Reserve Fund.

Actual expenditures may vary from estimated future expenditures and the variations may be material.

Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet future needs.

If additional funds are needed, the Association has the right, subject to appropriate approval, to increase regular assessments, levy special assessments, or delay major repairs and replacements until funds are available.

NOTE 6 REVENUE RECOGNITION

Assessment revenue is recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Code 606 requiring the deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exists as it is defined by the Code. The Association does not defer the recognition of any portion of revenue as a Contract Liability.

VILLAGE GREEN
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Notes to Financial Statements
December 31, 2020

NOTE 7 CORRECTION OF ERROR

Retained earnings at the beginning of 2020 have been adjusted for allowance for bad debt allocation that was not recognized in a prior year. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning retained earnings for 2020 by \$56,978.00. Had the error not been corrected, the balance sheet, namely the accounts receivable, would be overstated and inaccurate.