

Hunter's Creek Property Owners Association, Inc.
Greenwood, South Carolina

Report on Financial Statements

For the year ended June 30, 2020

Hunter's Creek Property Owners Association, Inc.

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Independent Auditor's Report

Board of Directors
Hunter's Creek Property Owners Association, Inc.
Greenwood, South Carolina

We have audited the accompanying financial statements of Hunter's Creek Property Owners Association, Inc. (the "Association"), which comprise the balance sheet – modified cash basis as of June 30, 2020, and the related statements of revenues, expenses, and changes in fund balance – modified cash basis, and cash flows – modified cash basis 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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 assets, liabilities, and fund balance of Hunter's Creek Property Owners Association, Inc. as of June 30, 2020, and its revenue and expenses and changes in fund balance and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

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 that matter.

A handwritten signature in black ink that reads "Manley Garvin, LLC". The signature is written in a cursive, flowing style. The letters are connected, and the "LLC" is written in a slightly smaller, more compact script at the end of the line.

Greenwood, South Carolina
June 15, 2022

Hunter's Creek Property Owners Association, Inc.**Balance Sheet - Modified Cash Basis****As of June 30, 2020**

Assets**Current Assets**

Cash and cash equivalents	\$	33,192
Cash held by county		493,168
Property tax receivable		6,704
Total assets	\$	<u>533,064</u>

Liabilities and Fund Balance**Current Liabilities**

Accounts payable	\$	2,848
Total liabilities		<u>2,848</u>

Fund Balance

Operating		<u>530,216</u>
Total fund balance		<u>530,216</u>
Total liabilities and fund balance	\$	<u>533,064</u>

See Notes to Financial Statements

Hunter's Creek Property Owners Association, Inc.**Statement of Revenues, Expenses, and Changes in Fund Balance - Modified Cash Basis****For the year ended June 30, 2020**

Revenues

Member dues	\$ 223,843
Other	34,200
Total revenues	<u>258,043</u>

Expenses

Utilities	43,514
Property management	16,800
Grounds maintenance	69,901
Office expenses	1,087
Storage rental	809
Professional fees	19,658
Insurance	10,133
Repairs and maintenance	12,429
Post office box rental	106
Miscellaneous	10,934
Total expenses	<u>185,371</u>

Excess (deficiency) of revenues over (under) expenses	<u>72,672</u>
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Fund balance, beginning of year	<u>457,544</u>
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Fund balance, end of year	<u>\$ 530,216</u>
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See Notes to Financial Statements

Hunter's Creek Property Owners Association, Inc.**Statement of Cash Flows - Modified Cash Basis****For the year ended June 30, 2020**

Operating activities

Excess (deficiency) of revenues over (under) expenses	\$ 72,672
Adjustments to reconcile excess (deficiency) of revenues over (under) expenses to net cash provided by (used for) operating activities:	
Changes in accrued amounts	
Accounts receivable	(1,889)
Accounts payable	<u>(6,280)</u>
Net cash provided by/(used for) operating activities	<u>64,503</u>
Net increase (decrease) in cash and cash equivalents	64,503

Cash and cash equivalents, beginning of year	<u>461,857</u>
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Cash and cash equivalents, end of year	<u><u>\$ 526,360</u></u>
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See Notes to Financial Statements

Hunter's Creek Property Owners Association, Inc.

Notes to Financial Statements

June 30, 2020

Note 1. Organization

Hunter's Creek Property Owners Association, Inc. (the "Association") located in Greenwood, South Carolina was incorporated under the laws of the State of South Carolina to further the interests of the property owners of Hunter's Creek subdivision. The Association is a South Carolina corporation dedicated to maintaining the property and facilities located within the community. The Association's major source of revenue is property assessments received from the property owners.

Note 2. Summary of Significant Accounting Policies

A summary of significant accounting policies followed by the Association is as follows:

Basis of accounting:

The accompanying financial statements have been prepared on the modified cash basis of accounting. Consequently, fixed assets are recognized as expense when purchased in accordance with the modified cash basis of accounting. The Association records accounts receivable for revenue earned but not yet received and accounts payable for expenses incurred but not yet paid which is a modification of the cash basis of accounting.

Income tax status:

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government.

The Association's tax filings are subject to audit by various taxing authorities. The Association's income tax returns for 2016 to 2019 remain open to examination. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Cash and cash equivalents:

For purposes of reporting cash flows, cash and cash equivalents are considered to be all highly liquid investments with original maturities of three months or less.

Property and equipment:

For the purposes of the statement of revenues, expenses, and changes in fund balance, property and equipment are not capitalized. Expenditures for property and equipment are reported as expenses in the year of acquisition.

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. Actual results could differ from those estimates.

Hunter's Creek Property Owners Association, Inc.

Notes to Financial Statements

June 30, 2020

Note 3. Deposits

At June 30, 2020, the book balance of the Association's deposits with depository institutions was \$33,192 and the bank balance was \$33,772.

The Greenwood County Treasurer holds funds in a fiduciary relationship for the Association. The balance of deposits held with Greenwood County Treasurer at June 30, 2020 was \$493,168.

Note 4. Subsequent Events

The Association evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statement was available to be issued.