



***VILLAGES OF WESTCREEK
OWNERS' ASSOCIATION, INC.***

***FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION***

***FOR THE YEAR ENDED
DECEMBER 31, 2023***

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
Villages of Westcreek Owners' Association, Inc.

We have reviewed the accompanying financial statements of Villages of Westcreek Owners' Association, Inc., which comprise the balance sheet as of December 31, 2023, 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 company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement 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.

We are required to be independent of Villages of Westcreek Owners' Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying December 31, 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously reviewed the Villages of Westcreek Owners' Association, Inc.'s 2022 financial statements, and we expressed a conclusion on those financial statements in our report dated April 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information about future major repairs and replacements of common property on page 11, 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.



Armstrong, Vaughan & Associates, P.C.

April 12, 2024

VILLAGES OF WESTCREEK OWNERS' ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2023
(With Comparative Totals for 2022)

	Operating Fund	Replacement Fund	Totals	
			2023	2022
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 254,868	\$ 495,563	\$ 750,431	\$ 504,288
Certificate of Deposit	2,797	-	2,797	2,780
Accounts Receivable	395,968	-	395,968	349,388
Allowance for Doubtful Accounts	(118,790)	-	(118,790)	(105,372)
Due from Replacement Fund	37,802	(37,802)	-	-
Prepaid Insurance	32,492	-	32,492	23,533
Prepaid Expenses	919	-	919	1,572
<i>Total Current Assets</i>	<u>606,056</u>	<u>457,761</u>	<u>1,063,817</u>	<u>776,189</u>
<i>Property and Equipment:</i>				
Land	250,000	-	250,000	250,000
Community Center	2,021,505	-	2,021,505	2,021,505
Buildings & Equipment	265,786	-	265,786	265,786
Office Equipment	107,417	-	107,417	107,417
Accumulated Depreciation	(1,079,478)	-	(1,079,478)	(1,005,974)
<i>Total Property and Equipment</i>	<u>1,565,230</u>	<u>-</u>	<u>1,565,230</u>	<u>1,638,734</u>
TOTAL ASSETS	<u>\$ 2,171,286</u>	<u>\$ 457,761</u>	<u>\$ 2,629,047</u>	<u>\$ 2,414,923</u>
LIABILITIES AND FUND BALANCE				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 17,497	\$ -	\$ 17,497	\$ 21,400
Prepaid Assessments	307,804	-	307,804	277,852
Spectrum Collections	69,541	-	69,541	58,370
Payroll Taxes Payable	576	-	576	-
Note Payable - Current Portion	-	-	-	13,689
<i>Total Liabilities</i>	<u>395,418</u>	<u>-</u>	<u>395,418</u>	<u>371,311</u>
<i>Fund Balance:</i>				
Unrestricted	<u>1,775,868</u>	<u>457,761</u>	<u>2,233,629</u>	<u>2,043,612</u>
<i>Total Fund Balance</i>	<u>1,775,868</u>	<u>457,761</u>	<u>2,233,629</u>	<u>2,043,612</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,171,286</u>	<u>\$ 457,761</u>	<u>\$ 2,629,047</u>	<u>\$ 2,414,923</u>

See accompanying notes and independent accountant's review report.

VILLAGES OF WESTCREEK OWNERS' ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for 2022)

	Operating Fund	Replacement Fund	Totals	
			2023	2022
REVENUES				
Homeowners Assessments	\$ 1,473,021	\$ -	\$ 1,473,021	\$ 1,349,887
Recreation Program Income	125,817	-	125,817	113,117
Pavillion & Community Center Rental	51,856	-	51,856	61,868
Fireworks Stand Income	14,000	-	14,000	14,000
Late Charges and Collection Fees	11,907	-	11,907	9,188
Pool Income	8,395	-	8,395	7,275
Interest Income	706	2,230	2,936	514
Other Income	8,051	-	8,051	3,713
TOTAL REVENUES	<u>1,693,753</u>	<u>2,230</u>	<u>1,695,983</u>	<u>1,559,562</u>
EXPENSES				
<i>Corporate Administration:</i>				
Personnel Expenses	460,531	-	460,531	469,344
Programs and Events	102,440	-	102,440	109,511
Depreciation	73,504	-	73,504	74,445
General Administrative	60,609	-	60,609	53,695
Management Fee	46,800	-	46,800	54,000
Insurance	46,376	-	46,376	39,232
Bad Debt Expense	20,644	-	20,644	13,976
Professional Fees	15,807	-	15,807	11,071
Office Supplies and Equipment	13,203	-	13,203	12,784
Meetings	5,776	-	5,776	7,294
Taxes	483	-	483	134
Interest Expense	56	-	56	4,717
<i>Total Corporate Administration</i>	<u>846,229</u>	<u>-</u>	<u>846,229</u>	<u>850,203</u>
<i>Common Area Operations:</i>				
Landscaping and Irrigation	192,524	-	192,524	138,758
Monitoring and Security Services	145,657	-	145,657	139,350
General Maintenance	112,777	55,980	168,757	191,853
Utilities	72,249	-	72,249	99,409
Pool Maintenance	39,143	23,109	62,252	27,146
Community Center Maintenance	18,298	-	18,298	17,200
<i>Total Common Area Operations</i>	<u>580,648</u>	<u>79,089</u>	<u>659,737</u>	<u>613,716</u>
TOTAL EXPENSES	<u>1,426,877</u>	<u>79,089</u>	<u>1,505,966</u>	<u>1,463,919</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	266,876	(76,859)	190,017	95,643
BEGINNING FUND BALANCE	1,756,477	287,135	2,043,612	1,947,969
Transfer Between Funds	(247,485)	247,485	-	-
ENDING FUND BALANCE	<u>\$ 1,775,868</u>	<u>\$ 457,761</u>	<u>\$ 2,233,629</u>	<u>\$ 2,043,612</u>

See accompanying notes and independent accountant's review report.

VILLAGES OF WESTCREEK OWNERS' ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for 2022)

	Operating Fund	Replacement Fund	Totals	
			2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficiency) of revenues over (under) expenses	\$ 266,876	\$ (76,859)	\$ 190,017	\$ 95,643
Adjustments to reconcile excess (deficiency) of revenues over (under) expenses to net cash provided (used) by operating activities:				
Depreciation	73,504	-	73,504	74,445
(Increase) Decrease in:				
Accounts Receivable, Net of Allowance	(33,162)	-	(33,162)	(24,566)
Prepaid Insurance	(8,959)	-	(8,959)	(1,918)
Prepaid expenses	653	-	653	890
Increase (Decrease) in:				
Accounts Payable	(6,768)	2,866	(3,902)	21,144
Prepaid Assessments	29,952	-	29,952	6,181
Payroll Taxes Payable	576	-	576	-
Spectrum Collections	11,171	-	11,171	1,295
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>333,843</u>	<u>(73,993)</u>	<u>259,850</u>	<u>173,114</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in Certificate of Deposit	(18)	-	(18)	(16)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(18)</u>	<u>-</u>	<u>(18)</u>	<u>(16)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal Payments on Note Payable	(13,689)	-	(13,689)	(153,801)
Transfer Between Funds	(285,287)	285,287	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(298,976)</u>	<u>285,287</u>	<u>(13,689)</u>	<u>(153,801)</u>
NET INCREASE (DECREASE) IN CASH	34,849	211,294	246,143	19,297
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>220,019</u>	<u>284,269</u>	<u>504,288</u>	<u>484,991</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 254,868</u>	<u>\$ 495,563</u>	<u>\$ 750,431</u>	<u>\$ 504,288</u>
SUPPLEMENTAL DISCLOSURE:				
Income Taxes Paid	\$ -	\$ -	\$ -	\$ -
Interest Expense Paid	\$ 56	\$ -	\$ 56	\$ 4,717

See accompanying notes and independent accountant's review report.

VILLAGES OF WESTCREEK OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 -- NATURE OF ORGANIZATION

The Villages of Westcreek Owners' Association, Inc. was incorporated February 14, 1994, and operations commenced April 1, 1994. The incorporation was the result of combining the Villages of Westcreek Property Owners Association and the Villages of Westcreek Homeowners Association. The Association is responsible for the upkeep, maintenance and repair of the common areas and improvements owned by the Association, which are primarily the Sports Park and subdivision entrances; payment of utilities used in the common area; taxes assessed upon common areas; insurance covering Association property for general hazards and liability; and management and administration of the Association. The Association is located in west central Bexar County, Texas, on approximately 1,250 acres of which the Sports Park is 18.9 acres. The planned community is still in the development phase and when completed will consist of single housing residences, recreation areas, greenbelts, and a public school. The Association consists of 3,409 homeowners. These financial statements have been prepared in accordance with generally accepted accounting principles.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

Replacement Fund -- This fund is used to accumulate financial resources designated for major repairs and replacement.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the statement of cash flows include amounts in checking and money market accounts.

C. MEMBER ASSESSMENTS

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses 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 assessments are satisfied over the period of the assessment on a monthly pro-rata basis using the input method. The performance obligations related to replacement fund assessments for specific repairs are satisfied when these funds are expended for their designated purpose.

VILLAGES OF WESTCREEK OWNERS' ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (CONT.)
 DECEMBER 31, 2023

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. MEMBER ASSESSMENTS (CONT.)

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are thirty days or more delinquent. An allowance for doubtful accounts has been established in the amount of \$118,790 as of December 31, 2023 per management's estimate. Because of the Association's legal standing to enforce payment, the Association considers the collection of assessments levied to be probable. The balances of assessments receivable as of the beginning and end of the year are \$349,388 and \$395,968, respectively.

D. PROPERTY AND EQUIPMENT

Real property and common areas donated by the developer are not capitalized on the Association's financial statements. The property includes, but is not limited to, land, swimming pool, tennis courts, children's play area, jogging track, basketball goals, and a baseball backstop.

Real and personal property purchased with Association funds, to which the Association holds the title, will be capitalized at cost and depreciated over its estimated useful life using the straight-line method of depreciation. Real property improvements not expected to generate significant cash flow or that cannot be sold by the Association is expensed. The Association's current capitalization policy would include items that cost \$500 or more and that provide future benefit greater than one year to the Association.

The Association held title to the following assets at year-end:

<u>Capital Asset</u>	<u>Estimated Useful Lives</u>
Community Center	36 years
Buildings and Improvements	2 - 26 years
Office Equipment	2 - 3 years
Furniture & Fixtures	6 years

E. CONTRACT LIABILITIES

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations. The balances of contract liabilities (stated as prepaid assessments on the balance sheet) as of the beginning and end of the year are \$277,852 and \$307,804, respectively.

F. ACCRUED VACATION

Employees can earn vacation leave at varying rates depending on length of service. Amounts earned for vacation that are not taken by employees may carry over to the following year up to 40 hours.

VILLAGES OF WESTCREEK OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2023

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

G. SPECTRUM COLLECTIONS

The Association's management company bills fees directly to delinquent homeowners for collection efforts. These fees are paid to Spectrum upon collection. Uncollected fees are reported as a liability on the balance sheet.

H. 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 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.

I. DUE FROM REPLACEMENT FUND

In the normal course of operations, transactions will occur between funds for reimbursements or cash collections on behalf of another fund. Any balances owed between the funds at year end are reported as Due from (or to) Replacement Fund on the Balance sheet.

J. SUBSEQUENT EVENTS

Subsequent events were considered through April 12, 2024, which is the date the financial statements were available to be issued.

NOTE 3 -- FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require the Association establish adequate reserve funds for future major repair and replacement of Common Area components. This reserve is to be funded by regular assessments. Accumulated funds should be accounted for in separate certificates of deposit and savings accounts.

Reserve Advisors, Inc. assisted the Board of Directors in preparing an update to the Reserve Study in 2021 to estimate the remaining useful lives and the replacement costs of the common property components. The table included in the unaudited supplementary information is based on this study.

Funding is based on estimates, actual needs may vary significantly from the study and this variance could be material. Monies accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. Thus, the Board has the right to raise regular assessments or levy a special assessment, subject to membership approval, to meet these needs.

VILLAGES OF WESTCREEK OWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2023

NOTE 4 -- INCOME TAXES

The Association qualifies as a tax-exempt association for all income and expenses related to its exempt function purpose of the acquisition, construction, management, maintenance, and care of Association property. The net non-exempt income from earned interest and nonmember fees is taxed at 21% or 30% by the federal government, dependent upon certain filing elections made. The Association can also elect to file as a regular corporation if it is in their best interest. For 2023, the Association filed IRS Form 1120-H resulting in a tax expense of \$0.

Accounting principles generally accepted in the United States of America require the Association management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition as a liability (or asset) or disclosure in the financial statements. The Association is subject to routine examinations by taxing authorities; however, there are currently no examinations for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2020.

NOTE 5 -- LITIGATION

Association management is not aware of any other pending or threatened litigation

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGES OF WESTCREEK OWNERS' ASSOCIATION, INC.
 FUTURE MAJOR REPAIRS & REPLACEMENTS
 DECEMBER 31, 2023

Reserve Advisors, Inc. assisted the Board of Directors in preparing a reserve study update in 2021, using a database of current construction costs and material lives from authoritative literature, to estimate the remaining useful lives and the replacement costs of the components of common property. Estimated current replacement costs were computed using a 2.8% inflation rate to the time of replacement and investment earnings were estimated at 0.4%. The estimates are based on the reserve study and may vary significantly from actual costs. The following is a table based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Cost</u>	<u>Components of Fund Balance at 12/31/2023</u>
Asphalt	3-7	\$ 164,480	\$ -
Fencing	0-20	174,740	-
Irrigation System	2-26	324,000	-
Other Property Site Elements	3-22	238,875	-
Signage	3-21	445,700	-
Furniture	1-13	108,000	-
Sport Courts	0-9	157,570	-
Community Center	0-21	438,200	-
Pool Elements	0-26	721,064	-
Undesignated		-	457,761
		<u>\$ 2,772,629</u>	<u>\$ 457,761</u>
Reserve Study Anticipated Balances at Year End			<u>\$ 425,749</u>
Percent of Anticipated Balances on Hand			108%
Reserve Study Recommended Future Contributions: (Based on Updated Projections)			
	2024	\$ 205,500	
	2025	\$ 205,500	
	2026	\$ 205,500	