

Cinnamon Lake **THYMES**



ANNUAL REPORT 2023



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Dear Cinnamon Lake Members:

This letter accompanies the Cinnamon Lake Association, Inc. (CLA) Financial Statements for Year 2023. Per the Declaration of Covenants, Conditions, and Restrictions (CCRs) recorded August 12, 2007, The CLA Board is authorized to collect dues, annual operating assessments, special assessments, fees, and fines and use this revenue, as it sees fit, to operate and maintain the CLA assets. During 2023, CLA collected \$772,725 for the Operating Fund, \$568,802 for the Special Roads Assessment, and \$9,525 for Repairs and Replacements for a total 2023 revenue of \$1,351,052.

The Operating Fund began 2023 with \$304,950 and ended 2023 with \$345,494. Repairs and Replacements began 2023 with \$213,915 and ended 2023 with \$198,440. Putting the Operating and the Repairs and Replacements Funds together, this means the CLA spent \$25,069 less than it collected in 2023.

During calendar year 2023, as part of the Operating Fund, the following improvements were made to the Cinnamon Lake community:

- Four speed limit signs with flashing lights were installed to remind drivers to obey the 25 mph speed limit in Cinnamon Lake
- The renovation on the pavilion at Recreational Area One was completed and is now available for member rental and use. Problems with the roof and drainage were resolved.
- The charter for the Neighborhood Watch Committee was approved.
- Stop Sign road bars were painted at all the major intersections and lines and arrows were added at the main gate entrance
- The flooring was replaced on the lower level of the lodge
- Ten new chairs were purchased for the pool
- Lots at 1023 Cinnamon, 3208 Mazanita, 6092 Chervil, 5061 Sangria, 1025 Cinnamon, 1380 Saffron, and 1381 Saffron were sold to private individuals.

A 2024 budget was completed and approved by the CLA Board. Details are in December 2023 Board Minutes.

The year 2023 saw the culmination of the two-year road improvement project. As we said then, and we will keep saying, roads are not a one-time project. The roads must be continually maintained. Due to the revenue from the Special Roads Assessment, CLA is in a position to continue improving the roads over the next 3 years. In 2024, we will add another layer to the previous gravel roads and similar future work is planned over 2025 and 2026. The funds collected from the Special Roads Assessment are kept in a separate account and are only being used for the road improvements. At the start of 2023, the Roads Special Assessment had \$1,417,751 and \$673,668 at the end of 2023. CLA spent \$798,083 in 2023 to complete the two-year road improvements project.

Hats off to the Fish and Lake Committee for all they have done towards maintaining and improving lake water quality. All those pancakes, spaghetti dinners and garage sale lunches have gone a long way towards purchasing algaecide and conducting water quality testing. All signs are pointing to the need to remove some of the silt from the bottom of the lake, particularly in the fingers. Presently, there is no budget for this, but the CLA Board, the Long Range Planning Committee and the Fish and Lake Committee are discussing options.

Hats off also to the Events, Finance, Garden and Landscaping, Governance, Long Range Planning, Neighborhood Watch, and Nominations and Elections Committees, as well as our Veterans Group. These committees are composed of volunteer members who want to make a difference, who work hard at creating a sense of community, and who are willing to throw their positive energy at the task at hand. Their combined efforts enrich the lives for all who live here and who visit. Our thanks to all of our volunteers.

Cinnamon Lake is a great community to live in, raise a family, and enjoy life. These are the reasons we are the fastest growing, and the third largest, community in Ashland County. We must commit ourselves to maintain and enhance this lake community.

Thank you for being a member of Cinnamon Lake!

The CLA Board of Directors

Victor Dubina - President

Dave Baker - Vice President

John Baxter - Member-at-Large

Mark Romaniuk - Member-at-Large

Eric Hamman - Member-at-Large

Donna Van Trees - Secretary

Rick Young - Treasurer

In Remembrance

Doug Gaut - Member-at-Large
2019-2023

2023 Cinnamon Lake Association Staff

OFFICE

Anna Gibson
Office Manager
With CLA since 2003

Sue Safarik
Office Assistant
With CLA 2010-23

Jill Youngpeter
Office Assistant
With CLA since 2021

Marlaine Fiocco
Office Assistant
With CLA since 2013

Sarah McNamara
Office Assistant
With CLA 2023

MAINTENANCE

Jim Smith
Maintenance Supervisor
With CLA since 2014

Jim Morrow
Maintenance Staff
With CLA since 2018

Scott Zubricky
Maintenance Staff
With CLA 2022-23

Bob Meadows
Maintenance Staff
With CLA 2018-23

Joe Henthorn
Maintenance Staff
With CLA since 2022

William Thurman
Maintenance Staff
With CLA since 2023

Caleb Seabolt
Maintenance Staff
With CLA 2023

Nicholas Breining
Maintenance Staff
With CLA 2023

Stephani Liston
Maintenance Staff
With CLA 2023

FRONT GATE

Viginia Yates
Supervisor
With CLA since 2014

Kay Wright
Assistant Supervisor
With CLA since 2010

Debbie Gale
Gate Attendant
With CLA since 2010

Julie Harmon
Gate Attendant
With CLA since 2017

Tim Harmon
Patrol
With CLA since 2018

Jim Larkin
Gate Attendant
With CLA since 2020

Emily Turek
Gate Attendant
With CLA since 2018

Paul Wright
Gate Attendant
With CLA since 2010

POOL

Tamara Gabalski
Pool Manager

2023 HIGHLIGHTS IN REVIEW

A lot goes on in our community, and it's all by the people and for the people.



The Events Committee is active on many fronts, arranging opportunities for community members to gather & have fun, like themed Bingo Nights at the Lodge.



The Fish & Lake Committee hosts several fundraisers throughout the year, including a Spaghetti Dinner.



The Events Committee held Craft Fairs in the Spring & Fall





Easter Egg Hunt

It's great to see young children in the community. The number of children we see is reflective of the 2020 Census results: 30% of our residents are under the age of 19.

Fish & Lake sponsored a Raptor Day with the Medina Raptor Center. Families got to meet some amazing birds of prey up close and learn all about them.



We have members who live here and work for fire departments or closely with hospitals and they offer their expertise to the community, including this CPR training.



Fish & Lake
Pancake Breakfast



The Garden & Landscape Committee volunteers work to improve common spaces in the community. They have a spring flower basket sale as a fundraiser.

Neighborhood Watch works closely with the Ashland County Sheriff to keep Cinnamon Lake a safe community.



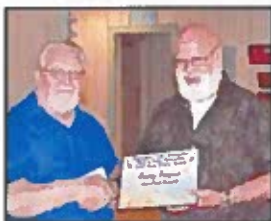
Spring and Fall Garage Sales are a popular event, especially Fish & Lake's Lunch at the Lodge, with their famous fresh cut fries.



The Oktoberfest race offered scenic routes, fun awards, and delicious food prepared by Fish & Lake volunteers.



The Events Committee held a day of boat races, giving residents the opportunity to be creative and have a little friendly competition with their neighbors while also providing a training opportunity for the local fire department.



F&L's Carp Derby reduced the population of nuisance fish in the lake.



Trunk or Treat is a safe and fun way for neighborhood families to celebrate halloween in our community.

The Events Committee's Polar Express transforms the lodge into a winter wonderland.





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Budget Performance

Budgets are management tools. They are the best way to ensure that member investment, i.e. dues and assessments, are spent as wisely as possible. Budgets are based on the calendar year. There are two components to the Cinnamon Lake Association budget process. The Operating Budget is the day-to-day operating plan for core activities for the fiscal year expressed in financial terms. The Capital/Long Range Budget plans for and sets aside capital (cash) for capital improvements that are not in the day-to-day scope. The Capital/Long Range Budget is intended to identify "over-the-horizon" demands on capital, anticipate those demands and set aside monies to meet the associated capital demands. Those demands were in part coordinated with the Long Range Planning Committee's projects.

Those costs, i.e. demand on capital, are committed costs. Committed costs are costs that are incurred because of a long-range policy decision. For example, if we know the pool or docks must be replaced or upgraded in the future, funding needs to be banked to accomplish that replacement or upgrade. [Items/projects identified on the Long Range Plan are committed costs because they affect the long range success of Cinnamon Lake. These projects affect property, plant (buildings) and equipment.] The policy decision made to place a particular project on the Capital/Long Range Budget is a reflection of what needs to be done to keep Cinnamon Lake a viable community. A parallel is what governments have to do to keep cities, etc. viable.

The Capital/Long Range Budget outlines capital projects that will be undertaken in the budget year. Approval of the budget authorizes planning for the approved projects. It is only when plans and estimates are finalized that the Board will vote on "releasing" the monies for the project. The Capital/Long Range Budget is generally approved when the Operating Budget is approved. Approval of the Capital/Long Range Budget appropriates the funding; projects still require final authorization from the Board.

The Operating Budget, as mentioned above, covers normal day-to-day activities. Included in this are labor costs, normal maintenance needs and basic administrative requirements which include insurance, office equipment leasing, and so on. It excludes the purchase of major equipment, such as vehicles, or major renovations such as facility upgrades. As a general guideline, projects in excess of \$5,000 fall under the Capital/Long Range Budget. When developing the Operating Budget, it is assumed that we will not receive 100% of billed dues or assessments. Instead, the budget is based on the assumption that only 90% will pay on time. This, unfortunately, contributes to a smaller budget which in turn limits staffing, daily operations, and timely response.

The Cinnamon Lake Association budget cycle actually begins in September. The Maintenance Department and Office submit a proposed project and activity list for the following year. The committees are also asked to develop a budget to help plan for their activities. The budgets of the Maintenance Department as well as Office Operations make up most of the Cinnamon Lake Association budget.

The Finance Committee reviews the budget requests and, based on guidance from the Board, begins to develop a budget for the following year. The Finance Committee reviews budget performance on a monthly basis and reports back to the Board. The Finance Committee's work on the following year's budget should be completed by November for approval by the Board at its December meeting.

Committee Budgets are not included in the overall Cinnamon Lake Budget. Committees are granted funds for specific projects or their budgets are dependent upon fundraising efforts. These amounts cannot be predicted with any accuracy and are not part of the day-to-day operations of CLA. Any funds provided to the committees come from the Time Warner funds or new member fees.

There are a series of Other Income Funds that are not included in the Budget because they cannot be accurately forecast or counted on to maintain day-to-day operations. (See the list below.) When the fiscal year ends, the actual collections are accounted for in the year just ended and are then applied to projects, needs and committee requests for the following fiscal year.

Although these accounts are not included in the current fiscal year budget, all of these accounts are still reported in our normal accounting reports which are made available monthly and annually. These reports are formatted using standard accounting practices.

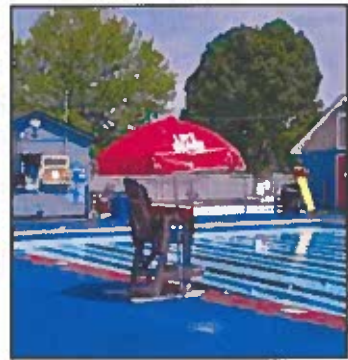
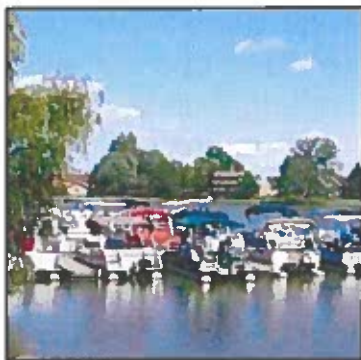
On funds not budgeted: 4210 (Finance charges), 4999-A (Time Warner), 4999-B (Sunrise), 4999-C (T-Shirt Sales), 4999-D (Rental of Office Storage), 4999-H (New Member Initiation), 4999-I (Fines), 4999-P (Food Truck Permit), 4999-S (Annual Renters Fee), and 4999-Q (Sales of Items).



Financial Management Philosophy: Venture Funds

Cinnamon Lake offers many benefits to its members. The Common Areas are used by all members in good standing. Amenities like the pool, the docks, the lodge, and the campground are not used by all.

The Board, in an effort to find a balance, decided to approach the docks, the lodge, the campground, and the pool as a venture fund. More specifically, each of those operations are viewed as a stand-alone enterprise and although initial funding was provided, over time, these enterprises must pay for themselves. Funds not used (or overspent) in a budget year, are carried over to the following year. Internally this is tracked by using "T-Sheets," an internal process to align projects with funding. The Board feels this approach will help maintain these amenities and hopefully address the complaints of those members who say money is always put into the general fund and not applied to the respective amenities. Any monies gained, or lost, are carried over and banked; what is banked becomes the source of funding for the Capital/Long Range Budget.



A Word from the Treasurer on the Budget

The following pages provide a year-end picture of the CLA 2023 budget, how well we performed against it, and how performance compared against the prior two years. The 2023 Review by our accounting firm follows. Every third year we undergo a full audit; in the in-between years reviews and compilations are conducted. Following generally accepted accounting practices, you may find some headings different from what you may see in the budget. The accounting firm results are what is reported.

Cinnamon Lake Association accounting is done on an accrual basis. The budget however reflects actual cash expectations and performance. The budget is prepared based on those expectations and performance. Doing this allows us to ensure that sufficient cash is available to cover normal operations. As you review 2023 performance, you will see in some cases we exceeded certain expense categories. This is because we banked money in the past to have enough money to undertake needed upgrades. Cash

basis accounting requires us to record expenses when they occur; it does not reflect when the monies were banked, especially and specifically as a result of venture fund activities.

Again, the most important document is the accounting firms' report.

We have been focused on managing, or more accurately, controlling expenses. Only by keeping a tight grip on money going out can we begin to deal with our most important financial challenge. Our income stream is frozen. Dues and assessments are set in the Declaration of Covenants, Conditions and Restrictions (CCRs). The Board cannot change that. The CCR also prevents any cost of living adjustment. Only a vote by the entire membership can make changes. The cost of doing business has gone up. Increases are still expected. This is the reason expenses are watched carefully. This is why some once common activities are no longer done.

Although members want us to take care of infrastructure issues through normal operating expenses, the road improvement project clearly demonstrates that dues and assessments by themselves can not cover the real costs of improvements. A 2015 Reserve Fund Study, done for the CLA, suggested an annual reserve fund contribution of over \$250,000 a year, for 20 years, to adequately protect ourselves for future contingencies—such as lake dredging, road maintenance and other major infrastructure issues. This is difficult to do on a budget of about \$700,000.

The Capital/Long Range Budget is the approach the Board felt, in the current circumstances, that best helps manage our needs. The difficulty comes if a capital issue arises for which not enough money is banked.

We have put processes in place to contribute more to the reserve fund, to prudently manage day-to-day operations and to address some of the infrastructure issues. However, our underlying financial growth is dependent upon more housing growth which in turn generates new dues and assessments. That, in the long term, is not sustainable.

2023 PERMITS		
6 new homes	16 decks	2 shoreline
5 remodel/additions	2 garages	3 concrete
11 docks	10 sheds	36 roofs
46 misc, dog runs/siding/windows etc.		
5 CLA lots sold		

2023 Income Performance Versus the Planned Budget, and 2022 and 2021 Actual

Income	2023 Actual	2023 Budget	2022 Actual	2021 Actual
4200 · DUES	\$95,966.14	\$95,000.00	\$103,601.34	\$103,875.00
4201 · ASSESSMENT*	\$421,185.00	\$419,000.00	\$424,539.00	\$428,176.80
4205 · GATE PASSES	\$10,635.00	\$6,700.00	\$12,070.00	\$11,965.00
4206 · LOT SALES	\$23,632.00	\$6,000.00	\$26,839.00	\$27,661.84
4208 · BUILDING PERMITS	\$7,635.00	\$3,500.00	\$4,316.00	\$7,175.00
4211 · LABOR, MAINTENANCE	\$1,200.00	\$0.00	\$275.00	\$2,089.12
4213 · GRAVEL SALES	\$0.00	\$0.00	\$520.00	\$2,575.00
4216 · BOAT DOCK RENTALS	\$20,629.17	\$21,000.00	\$19,111.46	\$18,656.17
4217 · STORAGE INCOME	\$10,237.51	\$8,500.00	\$9,113.75	\$7,812.50
4218 · RENTAL INCOME C. CENTER	\$240.00	\$0.00	\$80.00	\$150.00
4219 · POOL INCOME	\$11,671.30	\$10,200.00	\$10,201.58	\$11,106.95
4220 · LODGE RENTAL	\$7,950.00	\$4,000.00	\$7,450.00	\$7,675.00
4230 · ADVERTISING INCOME- PUBLICATION	\$7,727.50	\$6,000.00	\$7,745.00	\$7,915.90
4230G · GARAGE SALE ADVERTISING	\$655.00	\$600.00	\$685.00	\$740.00
4231 · PAVILION RENTAL	\$326.85	\$800.00	\$550.00	\$400.00
4233 · YEARLY BOAT STICKER	\$11,160.00	\$7,000.00	\$7,450.00	\$6,805.00
4237 · BOAT REGISTRATIONS	\$1,425.00	\$1,700.00	\$1,875.00	\$2,700.00
4238 · OMV REGISTRATION STICKER	\$2,907.50	\$2,000.00	\$2,675.00	\$1,817.50
4240 · CAMPING FEES	\$23,792.35	\$17,000.00	\$18,745.00	\$18,745.86
4253 · DUMPSTER PER USE	\$1,850.30	\$0.00	\$1,397.50	\$1,005.00
4254 · TRASH	\$71,397.50	\$70,000.00	\$56,791.66	\$50,580.00
4800 · UTILITY TRANSFER				-\$6.13
4998 · CREDIT CARD CONVENIENCE FEE	\$2,437.79	\$1,600.00	\$1,818.51	\$1,637.66
5009 · RETURNED CHECK CHARGES	\$75.00	\$0.00	\$338.23	\$25.00
	<u>\$734,735.91</u>	<u>\$680,600.00</u>	<u>\$718,188.03</u>	<u>\$721,284.17</u>
Transfer to Reserve Account			-\$50,000.00	-\$100,000.00
Transfer to Reserve Account	-\$72,680.00		-\$50,000.00	
	<u>\$662,055.91</u>	<u>\$680,600.00</u>	<u>\$618,188.03</u>	<u>\$621,284.17</u>

2023 Expense Performance Versus the Planned Budget, and 2022 and 2021 Actual

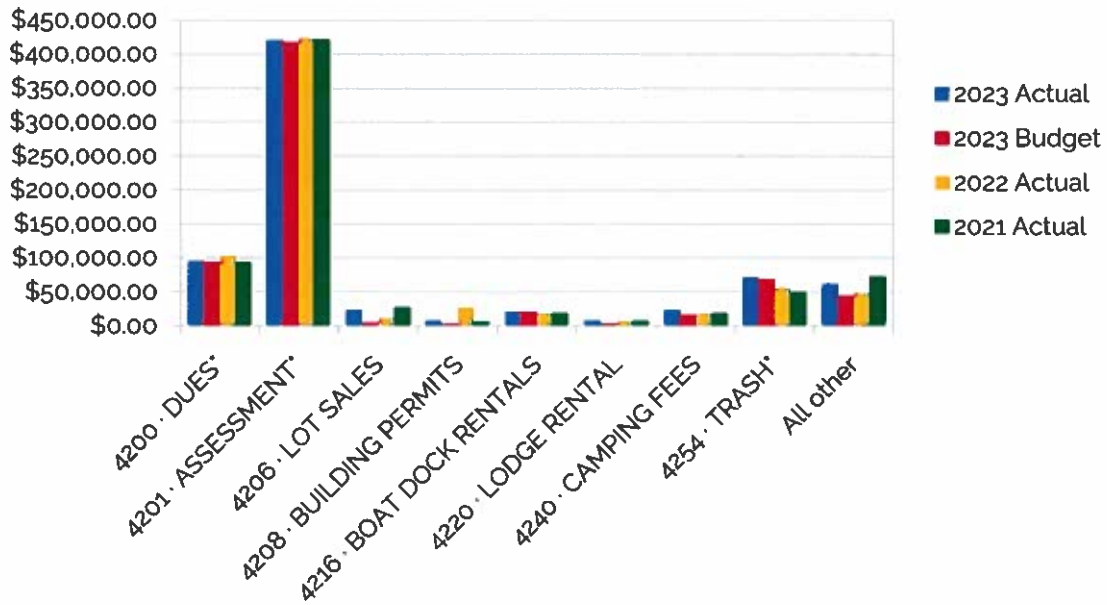
Expense	2023 Actual	2023 Budget	2022 Actual	2021 Actual
5000 · ADMINISTRATIVE COLLECTION EXP.	\$393.38	\$1,500.00	\$1,759.22	\$3,612.57
5001 · COMMUNITY RELATIONS	\$953.01	\$500.00	\$559.20	\$164.75
5002 · WATER FOR MOST LOCATIONS	\$1,380.84	\$1,500.00	\$1,484.91	\$1,339.22
5003 · SEWER MOST LOCATIONS	\$274.37	\$300.00	\$217.54	\$373.95
5005 · ADVERTISING-GARAGE SALE	\$540.59	\$500.00	\$313.75	\$425.58
5006 · ADVERTISING-PUBLICATION	\$4,316.48	\$3,500.00	\$3,518.88	\$2,652.94
5015 · CAMPGROUND EXPENSES	\$6,246.94	\$10,500.00	\$5,658.69	\$5,647.94
5030 · ELECTRIC ASSOCIATION	\$7,566.95	\$10,900.00	\$7,792.74	\$9,600.41
5040 · FUEL	\$10,544.76	\$20,000.00	\$15,366.47	\$11,037.07
5043 · PROPANE	\$964.18	\$1,200.00	\$1,096.60	\$876.56
5044 · NATURAL GAS	\$2,765.13	\$4,500.00	\$3,182.40	\$2,085.25
5055 · LAKE MAINTENANCE	\$4,023.21	\$12,000.00	\$19,729.38	\$4,312.70
5056 · DOCK EXPENSE	\$1,730.60	\$6,000.00	\$7,555.64	\$3,458.51
5060 · LODGE EXPENSES	\$10,055.57	\$15,000.00	\$14,414.03	\$11,144.04
5075-M · MAINTENANCE	\$24,330.02	\$24,000.00	\$36,215.19	\$17,787.85
5080 · ALARM MONITORING	\$826.24	\$3,000.00	\$470.80	\$1,489.88
5090 · OFFICE EQUIPMENT LEASE	\$4,368.97	\$4,500.00	\$4,818.07	\$5,083.55
5100 · ROAD MAINTENANCE	\$18,581.61	\$20,000.00	\$21,505.13	\$28,702.37
5106 · RUGS	\$7,758.85	\$4,500.00	\$5,673.18	\$4,845.72
5200 · TRASH DISPOSAL	\$72,588.83	\$70,000.00	\$67,036.54	\$66,304.49
5505 · GRAVEL PURCHASES	\$1,214.65	\$1,000.00	\$183.56	\$650.87
5510 · ICE PURCHASES	\$2,523.26	\$2,500.00	\$2,889.15	\$2,101.10
6120 · BANK SERVICE CHARGES	\$5,726.29	\$5,000.00	\$5,184.27	\$4,473.01
6150 · DEPRECIATION EXPENSE	\$109,425.75	\$0.00	\$55,434.84	\$52,161.00
6170 · EQUIPMENT RENTAL	\$661.18	\$500.00	\$324.13	
6175 · POOL EXPENSES	\$15,830.65	\$13,300.00	\$23,712.45	\$10,178.11
6180 · INSURANCE	\$36,787.00	\$35,200.00	\$27,717.40	\$32,456.50
6230 · DUES, LICENSES, PERMITS	\$8,404.28	\$7,000.00	\$7,957.52	\$9,600.92
6240 · MISCELLANEOUS	-\$28,579.93	\$1,000.00	\$1,009.17	\$180.28
6250 · POSTAGE AND DELIVERY	\$6,916.71	\$6,500.00	\$5,832.26	\$4,867.44
6270 · PROFESSIONAL FEES	\$29,559.96	\$21,000.00	\$51,870.95	\$18,990.71
6300 · REPAIRS	\$27,961.45	\$25,500.00	\$104,204.15	\$9,569.26
6301 · STORAGE AREA EXPENSE	\$6,435.81	\$2,500.00	\$10,585.00	\$206.48
6309 · OFFICE MAINTENANCE	\$279.50	\$500.00	\$258.80	\$390.24
6340 · TELEPHONE	\$9,879.27	\$8,300.00	\$10,227.14	\$11,277.56
6560 · PAYROLL EXPENSES	\$273,254.12	\$296,800.00	\$266,865.71	\$260,246.11
6576 · EMPLOYEE WELFARE	\$2,497.12	\$2,000.00	\$1,554.91	\$917.71
6579 · WORKER'S COMPENSATION INS.	\$4,839.92	\$5,000.00	\$3,132.68	\$6,276.84
6580 · SUPPLIES	\$9,605.51	\$10,100.00	\$7,390.63	\$5,861.08
6610 · TAXES	\$24,428.05	\$2,700.00	\$25,172.58	\$23,298.90
69800 · UNCATEGORIZED EXPENSES	\$1,177.79	\$0.00	\$0.00	\$449.70
	\$729,038.87	\$660,300.00	\$829,876.00	\$635,099.00

Cinnamon Lake Association Roads

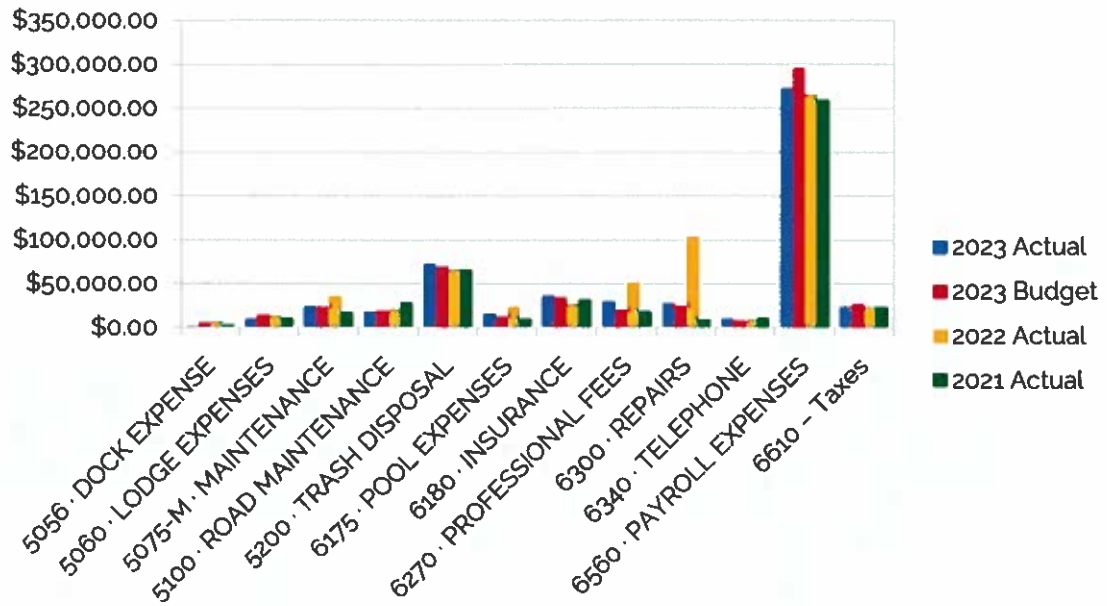
	2023	2022
Income		
APR Billing	\$245,520.00	\$0.00
OCT Billing	\$245,910.00	\$244,980.00
Bounce Check Charge	\$25.00	\$0.00
Finance Charge	\$4,093.82	\$508.17
Interest	\$107.19	\$71.93
Misc	\$0.00	\$160.00
Total Income	\$495,656.01	\$245,720.10
Expense		
Bad Debt	\$373.12	\$726.36
Bank Service Charge	\$157.24	\$336.68
Loan Payment	\$405,292.32	\$135,097.44
Road Work	\$832,514.32	\$1,136,159.73
Total Expense	\$1,238,337.00	\$1,272,320.21
Net Ordinary Income	-\$742,680.99	-\$1,026,600.11
Net Income	-\$742,680.99	-\$1,026,600.11



Income



Expenses





OVERTON VALLEY

Construction

419-651-0516

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Cinnamon Lake Association, Inc.
Financial Statements

As of and for the Years Ended
December 31, 2023 and 2022



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Cinnamon Lake Association, Inc.

We have reviewed the accompanying financial statements of Cinnamon Lake Association, Inc. (a Homeowner's Association) (the "Association"), which comprise the balance sheet as of December 31, 2023, and the related statements of revenue, expenses, and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements (collectively "the financial statements"). A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements 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 (U.S. GAAP); 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 American Institute of Certified Public Accountants. 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 U.S. GAAP. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Cinnamon Lake Association, Inc. and to meet our 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 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2022 financial statements were compiled by us, and the report dated July 11, 2023 stated that we did not audit or review the financial statements, and accordingly, did not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Rea & Associates, Inc.

Rea & Associates, Inc.

Wooster, OH

June 13, 2024

CINNAMON LAKE ASSOCIATION, INC.

BALANCE SHEET
AS OF DECEMBER 31, 2023
(With comparative totals as of December 31, 2022)

ASSETS

	Reviewed			Compiled	
	Operating Fund	Special Roads Assessment	Repairs & Replacements	Total 2023	Total 2022
CURRENT ASSETS:					
Cash and cash equivalents	\$ 345,494	\$ 605,981	\$ -	\$ 951,475	\$ 1,709,082
Reserved cash	-	67,687	198,440	266,127	281,534
Certificate of deposit	744	-	25,000	25,744	-
Accounts receivable, net of allowance of \$93,051 and \$251,629 for 2023 and 2022, respectively	3,766	-	-	3,766	-
Accounts receivable, net of allowance of \$64,382 and \$25,446 for 2023 and 2022, respectively		28,712	-	28,712	12,175
Total current assets	350,004	702,380	223,440	1,275,824	2,002,791
NON-CURRENT ASSETS:					
Right-of-use assets	90,634	-	-	90,634	98,575
Property and equipment, net	1,881,220	2,034,900	-	3,916,120	3,105,654
Construction in progress	39,128	-	-	39,128	8,203
Total non-current assets	2,010,982	2,034,900	-	4,045,882	3,212,432
Total assets	\$ 2,360,986	\$ 2,737,280	\$ 223,440	\$ 5,321,706	\$ 5,215,223

LIABILITIES AND FUND BALANCES

	Reviewed			Compiled	
	Operating Fund	Special Roads Assessment	Repairs & Replacements	Total 2023	Total 2022
CURRENT LIABILITIES:					
Accounts payable	\$ 12,499	\$ -	\$ -	\$ 12,499	\$ 12,092
Long-term debt, current portion	-	336,284	-	336,284	324,411
Operating lease liability, current portion	6,881	-	-	6,881	6,744
Deferred revenue	-	144,500	-	144,500	151,774
Accrued liabilities	27,463	-	-	27,463	28,256
Total current liabilities	46,843	480,784	-	527,627	523,277
NON-CURRENT LIABILITIES:					
Long-term debt, net of current portion	-	1,740,423	-	1,740,423	2,076,708
Operating lease liability, net of current portion	83,753	-	-	83,753	91,831
Total non-current liabilities	83,753	1,740,423	-	1,824,176	2,168,539
Total liabilities	130,596	2,221,207	-	2,351,803	2,691,816

CINNAMON LAKE ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With comparative totals for the year ended December 31, 2022)

	Reviewed					Compiled	
	Operating Fund	Special Roads Assessment	Repairs & Replacements	Total 2023	%	Total 2022	%
REVENUES:							
Regular assessment	\$ 421,185	\$ 526,249	\$ -	\$ 947,434	70.13	\$ 547,029	55.61
Dues	95,966	-	-	95,966	7.10	103,601	10.53
Camping fees	23,792	-	-	23,792	1.76	18,746	1.91
Boat fees	12,585	-	-	12,585	0.93	9,325	0.95
Building permits	7,635	-	-	7,635	0.57	4,316	0.44
Mowing	4,507	-	-	4,507	0.33	1,133	0.12
Refuse	73,248	-	-	73,248	5.42	58,189	5.92
Late fees and fines	-	-	-	-	-	509	0.05
Other income	173,996	3,720	3,369	181,085	13.40	237,786	24.16
Rent	4,800	-	-	4,800	0.36	3,060	0.31
Transfers among funds, net	(44,989)	38,833	6,156	-	-	-	-
Total revenues	772,725	568,802	9,525	1,351,052	100.00	983,694	100.00
EXPENSES:							
Payroll	275,751	-	-	275,751	20.41	268,421	27.29
Depreciation	109,426	-	-	109,426	8.10	55,435	5.64
Refuse	72,589	-	-	72,589	5.37	67,037	6.81
Insurance	36,787	-	-	36,787	2.72	27,717	2.82
Taxes and licenses	32,832	-	-	32,832	2.43	33,130	3.37
Credit losses	50,941	38,936	-	89,877	6.65	61,766	6.28
Supplies	25,865	-	-	25,865	1.91	14,770	1.50
Utilities	21,903	-	-	21,903	1.62	22,703	2.31
Equipment rental	19,269	-	-	19,269	1.43	4,689	0.48
Repairs and maintenance	18,793	-	-	18,793	1.39	16,736	1.70
Committees	17,594	-	-	17,594	1.30	18,193	1.85
Administrative	15,555	-	-	15,555	1.15	21,332	2.17
Professional fees	14,398	-	-	14,398	1.07	32,298	3.28
Fuel and oil	14,274	-	-	14,274	1.06	19,645	2.00
Pool maintenance	12,444	-	-	12,444	0.92	15,041	1.53
Lodge	11,240	-	-	11,240	0.83	12,435	1.26
Campgrounds	8,770	-	-	8,770	0.65	9,406	0.96
Road maintenance	7,876	-	-	7,876	0.58	21,505	2.19
Postage	6,917	-	-	6,917	0.51	5,832	0.59
Advertising	5,810	-	-	5,810	0.43	4,392	0.45
Bank fees	5,727	107	-	5,834	0.43	5,521	0.56
Group insurance	4,840	-	-	4,840	0.36	3,133	0.32
Lake maintenance	4,761	-	-	4,761	0.35	19,989	2.03
Gravel	1,215	-	-	1,215	0.09	184	0.02
Security monitoring	826	-	-	826	0.06	471	0.05
Rent	500	-	-	500	0.04	500	0.05
Office	280	-	-	280	0.02	259	0.03
Miscellaneous	-	-	-	-	-	22,363	2.27
Total expenses	797,183	39,043	-	836,226	61.88	784,903	79.81
Non-operating income (expense)	12,551	(80,881)	-	(68,330)	(5.06)	(22,431)	(2.28)
Net (loss) income	(11,907)	448,878	9,525	446,496	33.05	176,360	17.93
FUND BALANCE, beginning of year	2,242,297	67,195	213,915	2,523,407		2,347,047	
FUND BALANCE, end of year	\$ 2,230,390	\$ 516,073	\$ 223,440	\$ 2,969,903		\$ 2,523,407	

CINNAMON LAKE ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (With comparative totals for the year ended December 31, 2022)

	Reviewed			Compiled
	Operating Fund	Special Roads Assessment	Repairs & Replacements	Total 2023
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net (loss) income	\$ (11,907)	\$ 448,878	\$ 9,525	\$ 446,496
Adjustments to reconcile net income (loss) to net cash from operating activities:				
Depreciation and amortization	109,426	-	-	109,426
Gain on sale of property and equipment	(1,755)	-	-	(1,755)
Credit losses	50,941	38,936	-	89,877
Non-cash lease expense	7,941	-	-	7,941
Change in:				
Accounts receivable	(54,707)	(55,473)	-	(110,180)
Certificate of deposit	(744)	-	(25,000)	(25,744)
Accounts payable	407	-	-	407
Operating lease liability	(7,941)	-	-	(7,941)
Deferred revenue	-	(7,273)	-	(7,273)
Accrued liabilities	(794)	-	-	(794)
Net cash from operating activities	90,867	425,068	(15,475)	500,460
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of property and equipment	1,755	-	-	1,755
Purchase of property and equipment	(21,153)	(898,739)	-	(919,892)
Payments on construction in progress	(30,925)	-	-	(30,925)
Net cash from investing activities	(50,323)	(898,739)	-	(949,062)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payment of long-term debt	-	(324,412)	-	(324,412)
Proceeds from debt obligations	-	-	-	2,500,000
Net cash from financing activities	-	(324,412)	-	(324,412)
Change in cash and cash equivalents	40,544	(798,083)	(15,475)	(773,014)
CASH AND CASH EQUIVALENTS AND RESERVED CASH, beginning of year	304,950	1,471,751	213,915	1,990,616
CASH AND CASH EQUIVALENTS AND RESERVED CASH, END of year	\$ 345,494	\$ 673,668	\$ 198,440	\$ 1,217,602
				\$ 1,990,616

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

Cinnamon Lake Association, Inc. (the Association) was incorporated on April 22, 1970, in the State of Ohio. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of over 570 residential units located on 883 acres in Ashland County, Ohio. The accompanying financial statements include only the accounts of Cinnamon Lake Association, Inc.

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Fund Accounting

The Association maintains its accounts using fund accounting in order to ensure observance of limitations and restrictions on the use of financial resources. The classification 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.

Special Roads Assessment – This fund is used to accumulate financial resources designated for special assessments as needed such as road maintenance (see Note 12).

Repairs & Replacements – This fund is used to accumulate financial resources designated for future major repairs and replacements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Association recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer, or as it provides access to its member amenities.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Association from a customer, are excluded from revenue.

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Revenue from performance obligations satisfied at a point in time consists of sales of building lots, fees for camping, boat, building permits and mowing, and late fees and fines charged to members. For these revenue streams, control transfers to the customer at a point in time when the property, permit or services are provided, and there is no variable consideration. The payment terms and conditions in customer contracts vary from 30-90 days from transfer of control.

Revenue from performance obligations satisfied over time consists of regular and special member assessments, dues, and initiation fees. Such revenue is recognized over time as the Association's customers receive and consume the benefits of the Association's services as the Association performs them. Fees are billed and collected monthly with no variable consideration.

The Association does not have any significant financing components as payment is received shortly after the point of sale for all revenue sources.

The Association had accounts receivable of \$0 as of January 1, 2022, net of an allowance for credit losses of \$0.

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. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association typically retains legal counsel and places liens on the properties of homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Cash and Cash Equivalents

The Association defines cash as currency on hand and demand deposits with financial institutions. The Association considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Association operates as a homeowners association and its accounts receivable are primarily derived from association and assessment fees. Effective January 1, 2023, at each balance sheet date, the Association recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Association's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions and reasonable and supportable forecasts regarding future events.

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (continued)

The Association writes off receivables 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 in income or an offset to credit loss expense in the year of recovery, in accordance with the Association's accounting policy election. The total amount of write-offs were not material to the financial statements as a whole for the year ended December 31, 2023.

Property and Equipment

The Association capitalizes all property and equipment having a unit cost of \$1,000 or more to which it has title or other evidence of ownership with the exception of real property directly associated with the units. Property not capitalized consists of approximately 350 acres of lake, shoreline, common areas, greenbelts, and 17 miles of access roads. According to the Association's governing documents, a vote of the majority of the members in good standing that are present at a duly convened meeting where a quorum is present or voting by absentee ballot must approve dispositions of any common 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.

When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in other income.

Depreciation and amortization of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

<u>Description</u>	<u>Useful Life</u>
Building, land, and improvements	20-40 years
Road improvements	3-20 years
Machinery and equipment	15-40 years
Furniture and fixtures	3-10 years
Service vehicles	5-10 years
Pool	5-20 years

Federal Income Taxes

Homeowners' associations may be taxed either as homeowners' associations or as a regular corporation. Cinnamon Lake Association, Inc. has elected to file under Internal Revenue Code Section 528 as a homeowners' association. Under this election, the Association is taxed on its nonexempt function income, such as interest earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes (continued)

The Association files information returns in the U.S. federal jurisdiction. The Association has adopted the Financial Accounting Standards Board requirements for accounting for uncertain tax positions. The Association determined that it was not required to record a liability related to uncertain tax positions as a result of implementing the new requirements. Currently, the tax years that remain subject to examination by the Internal Revenue Service (“IRS”) are 2022, 2021, and 2020. As of the date of this report, management has no knowledge of material notifications from the IRS.

From time to time, the Association may be subject to interest and penalties assessed by various taxing authorities. These amounts have historically been insignificant and are classified as other expenses when they occur.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Association’s policy is to recognize these costs when actually paid.

Advertising Costs

The Association expenses the costs of advertising when these costs are incurred. Advertising expense for the year ended December 31, 2023 and 2022 was \$5,810 and \$4,392, respectively.

Leases

The Association determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Association establishes a right-of-use (ROU) asset and a lease liability.

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the Association is reasonably certain to exercise as well as any period that the Association has control over the asset before the stated initial term of the agreement. If the Association determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts. The Association’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Association uses the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date.

The Association does not recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which (1) significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model and (2) provides for recording credit losses on available for sale debt securities through an allowance account. The update requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model. The guidance is effective for the Association beginning January 1, 2023, with earlier adoption permitted.

The Association adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events

Subsequent events have been evaluated by management through June 13, 2024, which is the date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2023 and 2022 were comprised of the following:

Unrestricted cash:	2023	2022
Petty cash	\$ 200	\$ 200
Operating	263,953	230,768
Events	5,603	4,398
Fish/lake	25,332	19,656
Market share	50,406	49,928
Total	<u>345,494</u>	<u>304,950</u>
Special assessment cash:		
Road assessment and reserved cash	673,668	1,471,751
Repairs and replacement cash:		
Board reserve	198,440	213,915
Total cash and cash equivalents	<u>\$ 1,217,602</u>	<u>\$ 1,990,616</u>

NOTE 3: CONCENTRATION OF CREDIT RISK

The Association maintains its cash in bank deposit accounts, which, at times, may exceed federal insured limits. The Association has not experienced any losses in such accounts. The Association believes it is not exposed to any significant credit risk on cash and cash equivalents.

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following as of December 31,:

	<u>2023</u>	<u>2022</u>
Building	\$ 860,413	\$ 816,372
Pool	161,919	161,919
Land and improvements	1,551,246	1,545,348
Machinery and equipment	270,488	256,529
Service vehicles	139,221	128,250
Road improvements	2,560,950	1,717,728
Office equipment	32,272	32,272
	<u>5,576,509</u>	<u>4,658,418</u>
Less: accumulated depreciation and amortization	<u>(1,660,389)</u>	<u>(1,552,764)</u>
Property and equipment, net	<u>\$ 3,916,120</u>	<u>\$ 3,105,654</u>

Depreciation and amortization expense was \$109,426 and \$55,435 for the years ended December 31, 2023 and 2022.

NOTE 5: LONG-TERM DEBT

Long term debt consisted of the following at December 31,:

	<u>2023</u>	<u>2022</u>
Note payable, Popular Association Banking, monthly installments of \$33,774, included fixed interest of 3.60%. Final payment is due July 2029.	<u>\$ 2,076,707</u>	<u>\$ 2,401,119</u>
	2,076,707	2,401,119
Less: current portion	<u>336,284</u>	<u>324,411</u>
	<u>\$ 1,740,423</u>	<u>\$ 2,076,708</u>

Principal payments on long-term debt obligations are scheduled to be paid as follows for the years ending December 31:

2024	\$ 336,284
2025	348,592
2026	361,351
2027	374,576
2028	388,286
Thereafter	<u>267,618</u>
	<u>\$ 2,076,707</u>

As of December 31, 2023 and 2022, the Association maintained a balance of \$67,687 and \$67,619 of reserved cash equal to two months' debt service per their covenant with the lender.

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: RETIREMENT PLAN

The Association sponsors a Savings Incentive Match Plan for Employees, which covers all eligible employees. The plan allows for elective deferrals by employees. Contributions by the Association are based on a percentage of annual compensation. No contributions were made to the plan during the years ended December 31, 2023 and 2022.

NOTE 7: RELATED PARTY TRANSACTIONS

The Association acts as a fiscal agent of Cinnamon Lake Utilities Association, Inc. (CLUA) depositing and remitting payments from members for utilities. The Association has an informal agreement with CLUA whereby purchases of goods and services are allocated between the entities and certain expenses are split between the entities based on a predetermined percentage.

NOTE 8: FUND BALANCE

Fund balances for the years ended December 31, 2023 and 2022 were comprised of the following:

	2023	2022
Without member restriction	\$ 2,230,390	\$ 2,242,497
Board designated:		
For future repairs and replacements	223,440	213,915
Special assessments:		
Road assessment	516,073	67,195
Total fund balance	<u>\$ 2,969,903</u>	<u>\$ 2,523,407</u>

NOTE 9: LEASES

Operating Leases

The Association entered into a lease for office equipment during February 2022. The lease requires monthly payments of \$595 for 63 months. The Association also entered into a 99-year lease with CLUA (see Note 7) which requires the Association to pay annual rents of \$500 for the next 10 years (1-10), \$1,000 for the following 10 years (11-20), \$1,500 for the following 10 years (21-30), and then \$2,000 for the remainder of the lease. The lease is cancelable provided either party provides notice of its intent to not renew the lease 30 days in advance of any then-current term. The Association has other operating leases which were month to month.

ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Lease expense is recognized on a straight-line basis over the lease term.

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: LEASES (CONTINUED)

The components of lease expense were as follows for the years ended December 31, 2023 and 2022:

Operating lease cost	\$ 9,826	\$ 5,189
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Total lease expense for operating leases was \$19,269 and \$5,701 for the years ended December 31, 2023 and 2022, respectively.

Supplemental cash flow information related to leases was as follows for the years ended December 31, 2023 and 2022:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 7,941	\$ 4,144

Supplemental balance sheet information related to leases was as follows for the years ended December 31, 2023 and 2022:

Operating leases		
Operating lease ROU assets	\$ 99,278	\$ 102,719
Operating lease ROU assets accumulated amortization	<u>(8,644)</u>	<u>(4,144)</u>
Operating lease ROU assets, net	90,634	98,575
Operating lease current liabilities	6,881	6,744
Operating lease non-current liabilities	<u>83,753</u>	<u>91,831</u>
	<u>\$ 90,634</u>	<u>\$ 98,575</u>

Other information:

Weighted-average remaining lease term in years for operating leases	69.06	64.80
Weighted-average discount rate for operating leases	2.01%	2.01%

Future undiscounted cash flows for each of the next five years and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023:

2024	\$ 8,629
2025	8,629
2026	8,629
2027	4,217
2028	500
2029 and thereafter	<u>164,490</u>
Total future minimum lease payments	195,094
Less: imputed interest	<u>(104,460)</u>

CINNAMON LAKE ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing board transfers funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts. In prior years, the Association had funded actual major repair and replacement expenditures from proceeds of borrowing or excess operating fund assessments as expenditures were incurred. The Association adopted a program to begin accumulating funds for estimated future major repairs and replacements. During the years ended December 31, 2023 and 2022 the Association transferred \$316 and \$894 to the repairs and replacements fund, respectively.

Amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association's Board of Directors can increase the regular assessments or levy special assessments per the governing by-laws, or it may delay major repairs and replacements until funds are available.

NOTE 11: SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION

During the year ended December 31, 2022, the Association recognized \$102,719 of ROU assets and operating lease liabilities in accordance with the adoption of ASC 842.

NOTE 12: SPECIAL ROADS ASSESSMENT

During October 2022, the Association approved a Special Roads Assessment of \$3,150,000. This amount is an estimate for the total assessments over seven years. An amount of \$526,249 and \$244,980 were assessed during the years ended December 31, 2023 and 2022, of which \$122,955 and \$122,490 is accounted for as deferred revenue on the balance sheet as of the years ended December 31, 2023 and 2022, respectively. The Association also accounted for an additional \$21,545 and \$29,284 of overpayments by members on assessments as deferred revenue for the years ended December 31, 2023 and 2022, respectively.

Thank you to our local OLCA Meeting Sponsors!

The following businesses generously donated items in support of the Spring 2024 Ohio Lake Communities Association Conference hosted by Cinnamon Lake on May 8 & 9. Please consider extending our thanks by supporting them with your purchases!

Ashley's Candy & Nut Shoppe

39 E. Main Street, Ashland, OH 44805
419-281-2766 ashleyscandyshoppe@gmail.com

Beyond Measure Market

569 US 250, Greenwich, OH 419-962-2008
beyondmeasuremarket.com

CLY Creative/Changing Leaves Yoga

clycreative.com 330-822-8128

Country Gourmet Foods Bakery

53 County Rd 500, Homerville, OH 304-573-1699
countrygourmetfoods.com

CTK Farms LLC

9690 Firestone Rd, Homerville, OH 44235 330-635-3798

Grandpa's Cheesebarn/Sweeties Candy

668 US-250 East, Ashland, OH 44805
419-281-3202 gcbarn.com

Hummingbird Aerials

hummingbird-aerials.com 419-560-0217

Madco Market Polk

401 N. Main Street, Polk, OH 44866 419-945-2423

Markley Meats

550 Township Road 101, West Salem 419-853-4108



Potential Future Issues/ Long Range Planning

A private lake community, especially one with a dam and as many roads as Cinnamon Lake has, must be concerned with potential possibilities and the implications for future costs. The Long Range Planning Committee looks at the future – but with wide open eyes to the costs.

About the Long Range Planning Committee

The Long Range Planning Committee (LRP) is charged with assisting the Cinnamon Lake Association Board in determining the future needs of the CLA community. LRP members look at all aspects of our growing community and bring to the CLA Board ideas and suggested projects for both near-term and future improvement. Not only is the LRP a channel for ideas and suggestions, it also puts a framework around the ideas to help determine the feasibility and cost effectiveness of the suggested projects.

Projects are not undertaken unless there are plans in place and a funding source is identified. Final approval rests with the CLA Board.

Plans to dress up the front pond area have been held up while title to a lot owned by a deceased former member was being pursued. Why: The pond area is the first area people see when they enter through the front gate and it should reflect the beauty of our community.

Work continues on improving the recreation areas to make them more user friendly and to provide a park-like setting to encourage member use. Why: Although still referred to as beach areas, only one beach remains in Cinnamon Lake-at the Lodge. As the community grows, there is a need for more park/recreation areas.



The seven (7) areas available for recreational improvement are: Lodge, Nature Walking Trail, Campgrounds, Recreation Area 1, Recreation Area 3, Recreation Area 4, Recreation Area 6. The plan proposes to add playground/physical activities to these areas for our growing population to

enjoy. Why: Cinnamon Lake has grown over the last 50 years to become Ashland County's third largest community. The original plan for Cinnamon Lake was to be semi-residential with vacation homes. As the community

developed, it moved away from that concept into a community with year-round permanent residences and higher-valued homes. Over this transition period, there have been minimal improvements as budgeting restrictions prevented the expansion of the neighborhood common areas.

In partnership with the Polk/Jackson Fire Department. We are working to install dry hydrant locations around the lake to assist in firefighting within our community. One has been installed at the Lodge area. Why: Existing water lines are not large enough to install normal fire hydrants. A dry hydrant will allow a pumper truck to pull water out of the lake to assist with fighting a fire.

An ongoing project has been to convert boxed, filed and archival CLA documents, such as blue prints, old board minutes and old legal documents, into a digital format. Over a two-year period a lot of progress has been made. Why: A digital format will allow for easier retrieval and help prevent aging documents from becoming unreadable.

POTENTIAL FUTURE ISSUES

Planning for the future involves more than near term projects. It requires identifying and preparing contingencies for those issues/events that might affect the CLA financial condition.

Lake. The lake is what has drawn us to Cinnamon Lake. Many residents love to fish. A large number of residents love to boat, whether on an electric pontoon boat, a kayak, canoe or rowboat, or even on a paddle board. Swimming, at the beach or from the back of a dock, is a favorite summer pastime.



The quality of the lake is a concern, and one that has to be monitored constantly. Unconstrained algae growth, increased sediment, or even an accidental release of a toxic agent from a neighboring farm, could affect the Cinnamon Lake Association. Allowing the lake to degrade puts at risk recreation activities as well as property values. Dredging the lake to deal with sediment could incur costs in excess of \$1 million. Any major event could be beyond the budget and might require allocating reserves or, in the event reserves are insufficient, going to the membership for a special assessment.

Acts of God. Storms, especially severe storms, are a natural occurrence in this part of the country. High winds, tornadoes and destructive thunderstorms

are a constant possibility in the spring and summer. Damage from any of these types of storms to the Lodge, CLA office, Maintenance facility or the Front Gate will affect operations. The extent of damage, especially in the event of a tornado, may require complete replacement, and might exceed the budget, insurance payouts, and reserves. An electrical short circuit, and even a gas leak, potentially has the same risk to the office, the maintenance facility, and the Lodge.

Dam. The dam is the reason the lake exists. Dam operations fall under the guidelines of the Ohio Department of Natural Resources. Periodically ODNR makes an inspection of the Cinnamon Lake Dam. Findings on the inspection report are required to be acted upon. Findings not dealt with are subject to fines. More critically, defects in the dam which result in catastrophic failure expose the CLA to large liabilities, perhaps even beyond its capability to pay.

Roads. The CLA is responsible for approximately 17 miles of private roads. No tax dollars are available to take care of the roads. The community is responsible for the roads. Poor roads lessen the interest for people wanting to buy and move into Cinnamon Lake. Poor roads might also increase the number



of members who move out, leading to declining membership. Declining membership will translate into lower operational and maintenance funds.

Although we have taken a significant step in improving and upgrading our roads with the 2022 assessment, roads are not a one-and-done project. Roads, like everything else, deteriorate over time. If no money is set aside for ongoing maintenance, they will deteriorate. A regular road maintenance program must be established and followed; work over time will extend the life of the roads and upgrade the surface condition. Road Fund Account money remains ear-marked for the roads but it can not be allowed to shrink and not be replenished. Once road monies are exhausted additional funding will be required to meet road maintenance requirements.

In all cases, if the event, be it a lake problem, an act of God, a dam failure or negative inspection report, or inability to maintain the roads, and the event is not properly dealt with, incentives to live in Cinnamon Lake decline. If fewer people want to live here and /or residents move out, operating funds to keep the community viable will decrease.

CLA Committees

ENVIRONMENTAL CONTROL COMMITTEE

Changes made to your outdoor property more than likely require written approval from the Environmental Control Committee. The Environmental Control Committee oversees new home construction, all building improvements, tree removal, outdoor architectural design, signs, and more.

EVENTS COMMITTEE

The Events Committee holds social functions such as bingo, pot lucks, beach parties, holiday parties, and more. Committee and member involvement are geared to building a sense of community in Cinnamon Lake.

FINANCE COMMITTEE

The Finance Committee is responsible for preparing the yearly budget for review and Board approval. The Committee also provides oversight of how yearly expenses are doing in relation to the approved budget, in order to help the Board efficiently manage its fiscal responsibilities.

FISH & LAKE COMMITTEE

The Fish and Lake Committee works with the Cinnamon Lake Association Board to advise and help the Board manage matters that directly concern the recreational aspect of the Lake by assisting in the management of the general conditions of the Lake, development of boating and fishing regulations, management of the fish population, and improvement of the Cinnamon Lake community and facilities. Fish & Lake leads fundraising opportunities by operating the kitchen during community garage sales and collecting and recycling aluminum cans.

GARDEN & LANDSCAPE COMMITTEE

The Garden and Landscape Committee is very active in maintaining the grounds and gardens. The committee is involved in community clean-ups and works on projects like the walking trail located in the green spaces of Cinnamon Lake. The Mission Statement of the Committee calls for it to develop and oversee living projects that will beautify and enhance the appearance of Cinnamon Lake community property.

GOVERNANCE COMMITTEE

The Governance Committee works with the Association Board and helps with proposed changes and additions to documents. It also provides insight when drafting or amending policies or procedures.

LONG RANGE PLANNING COMMITTEE

“A goal without a plan is just a wish” is the mantra of the Long Range Planning

Committee. The LRP, as its known, works to establish a plan to meet the members' wishes for improvements to our community.

NEIGHBORHOOD WATCH COMMITTEE

"See something? Say something!" That is the motto of the Neighborhood Watch Committee. The committee works closely with local law enforcement to keep our community aware of any concerning or suspicious activity.

NOMINATING & ELECTIONS COMMITTEE

Every year the Association holds an annual meeting. Members of the Nominating and Elections Committee are an integral part of that process. The Committee assists in vetting eligible candidates to fill board vacancies. The Committee also approves board applications, prepares ballots for mailing and counts (and recounts) the returned ballots.



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Welcome New Members in 2023

Lu, Tianyu	Stalnaker, Robby & Beth A
Browning, Jonathon & Lisa	The Koch Family Trust, David & Carol
Davis, Brian & Smith, Keilana	Mullins, Angela & Steven
Jogan, Zachary T & Moon, Sarah	Creswell, Sylvia
Hagan, Nolan	Ngeth, Bunny
Heavens Home LLC	Wayne Co Hometown Handyman LLC
Rent Me Managment, LLC	Hagelin, Karl W & Pamela L
Ritter, Bret & Kimberly	Messmer, Kelly
Gott, Travis & Honaker, George	Cusack, William W & Diehl-Cusack, Jeri
Ullom, Jeffrey & Debra	Golba, Mary Anne & Chatain, John
Gilbert, Adam P & Dodig, Alyce M	Yoder, Darrell Jr & Anthony Trutee
Olesick, Daniel	MEEK, Daniel R
Miller, Dirk	Hunter, Dave & Anastasia
Martin, Shawn A & Nichole	Litman, Spencer D
Johnson, Jewel & Castillo, Willa	Cooper, James & Jeanne
Tatham, Cassandra	Roseman, Christine Trustee
Calaway, Karyn & Scott	Kolcun, Sean & Michelle
Nack, Lisa & Daniel	Vraja, Matthew
Mangan, Elizabeth Anne	Green Dustin & Hannah
Merriman, Steven & Rita Etal	Albright, David & Janet
Mcclurg, Richard	Harder, Kenneth & Lisa
Martin, Lacie & Matthews, Dane	Glaser, Erica E
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Cinnamon Lake Association

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