

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**Year Ended June 30, 2021**

**Canady & Canady**

Certified Public Accountants

4801 Woodway Dr. Suite 470-E | Houston, Texas 77056 | 713.783.1021 | A Limited Liability Company

# Canady & Canady

CERTIFIED PUBLIC ACCOUNTANTS | A MEMBER OF THE S|CPA NETWORK

## INDEPENDENT AUDITOR'S REPORT

### **Board of Directors**

**Clear Lake City Community Association, Inc.**

### **Opinion**

We have audited the accompanying financial statements of Clear Lake City Community Association, Inc. (the "Association"), which comprise the balance sheet as of June 30, 2021, 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Disclaimer of Opinion on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied limited certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Canady & Canady*

Houston, Texas

February 15, 2022

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.****BALANCE SHEET****June 30, 2021** (with summarized financial information as of June 30, 2020)

	2021 Operating Fund	2021 Replacement Fund	2021 Total	2020 Total
<b>ASSETS</b>				
Cash	\$ 270,740	\$ 229,593	\$ 500,334	\$ 322,211
Certificates of deposit		752,718	752,718	950,000
Due from Operating Fund		17,689	17,689	
Assessments receivable, net of allowance for bad debt	198,515		198,515	185,605
Prepaid expenses	13,098		13,098	32,503
Property and equipment, net of accumulated depreciation	2,270,767		2,270,767	2,298,951
Other	5,867		5,867	10,804
<b>TOTAL ASSETS</b>	<b>\$ 2,758,987</b>	<b>\$ 1,000,000</b>	<b>\$ 3,758,988</b>	<b>\$ 3,800,074</b>
<b>LIABILITIES &amp; FUND BALANCE</b>				
Accounts payable and accrued expenses	\$ 33,857		\$ 33,857	\$ 26,583
Assessments received in advance	449,434		449,434	375,859
Due to Replacement Fund	17,689		17,689	
Note payable			-	90,313
Other	864		864	1,124
<b>TOTAL LIABILITIES</b>	<b>501,843</b>	<b>-</b>	<b>501,843</b>	<b>493,879</b>
Fund balance	2,257,144	1,000,000	3,257,145	3,306,195
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 2,758,987</b>	<b>\$ 1,000,000</b>	<b>\$ 3,758,988</b>	<b>\$ 3,800,074</b>

*See accompanying notes to financial statements.*

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**

**Year Ended June 30, 2021** (with summarized financial information for the year ended June 30, 2020)

	2021 Operating Fund	2021 Replacement Fund	Total	2020 Total
<b>REVENUES</b>				
Maintenance assessments	\$ 620,363		\$ 620,363	\$ 621,967
Recreation and programming	153,382		153,382	182,478
Transfer fees	128,075		128,075	101,765
Rental income	124,592		124,592	111,439
Late fees	59,890		59,890	58,575
Legal fees reimbursement	109,904		109,904	77,810
Interest income	620	18,486	19,106	25,493
Other	109,782		109,782	116,810
<b>TOTAL REVENUES</b>	<b>1,306,608</b>	<b>18,486</b>	<b>1,325,094</b>	<b>1,296,337</b>
<b>EXPENSES</b>				
<i>Administrative</i>				
Insurance	151,311		151,311	129,093
Legal fees	104,785		104,785	104,568
General office and administration	37,232		37,232	43,629
Accounting software	36,568		36,568	34,971
Newsletter	12,112		12,112	12,706
Professional fees	13,262		13,262	12,673
Equipment rental	10,911		10,911	10,672
Postage	6,915		6,915	4,024
Security	993		993	3,859
Permits, dues, and subscriptions	4,296		4,296	2,967
Phone, pager, and fax	1,660		1,660	2,472
Bad debt	20,419		20,419	2,190
Workers compensation			-	1,694
<i>Facilities</i>				
Salaries, wages, benefits, and payroll taxes	474,332		474,332	494,199
Maintenance and repair	67,947		67,947	99,129
Landscape and grounds maintenance	99,374		99,374	87,405
Capital expenditures	105,975		105,975	71,217
Utilities	76,770		76,770	76,710
Depreciation	52,938		52,938	73,663
Contract labor	33,655		33,655	26,894
Pool	36,959		36,959	23,428
Programming and events	8,046		8,046	22,190
Janitorial and shop supplies	17,686		17,686	21,708
<b>TOTAL EXPENSES</b>	<b>1,374,144</b>	<b>-</b>	<b>1,374,144</b>	<b>1,362,061</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>(67,537)</b>	<b>18,486</b>	<b>(49,050)</b>	
<b>BEGINNING FUND BALANCE</b>	<b>2,306,195</b>	<b>1,000,000</b>	<b>3,306,195</b>	<b>3,644,453</b>
Interfund transfers	18,486	(18,486)	-	
Other additions (deletions)			-	
<b>ENDING FUND BALANCE</b>	<b>\$ 2,257,144</b>	<b>\$ 1,000,000</b>	<b>\$ 3,257,145</b>	<b>\$ 3,644,453</b>

*See accompanying notes to financial statements.*

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2021** (with summarized financial information for the year ended June 30, 2020)

	2021 Operating Fund	2021 Replacement Fund	Total	2020 Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Excess of revenues over expenses	\$ (67,537)	\$ 18,486	\$ (49,050)	\$ (65,724)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation expense	52,938		52,938	73,663
Bad debt expense	20,419		20,419	2,190
(Increase) decrease in:				
Assessments receivable	(33,329)		(33,329)	(22,825)
Prepaid insurance	19,405		19,405	(19,405)
Due from Operating Fund		(17,689)	(17,689)	
Other assets	4,937		4,937	1,775
Increase (decrease) in:				
Accounts payable and accrued expenses	7,274		7,274	16,424
Assessments received in advance	73,575		73,575	(28,346)
Due to Replacement Fund	17,689		17,689	
Other liabilities	(261)		(261)	(1,450)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 95,111</b>	<b>\$ 797</b>	<b>\$ 95,908</b>	<b>\$ (43,698)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Liquidation of certificates of deposit		197,282	197,282	
Purchase of property and equipment	(24,754)		(24,754)	(95,166)
<b>NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES</b>	<b>(24,754)</b>	<b>197,282</b>	<b>172,528</b>	<b>(95,166)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interfund transfer	18,486	(18,486)		
Issuance of note payable				90,313
Forgiveness of note payable	(90,313)		(90,313)	
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(71,827)</b>	<b>(18,486)</b>	<b>(90,313)</b>	<b>90,313</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,471)</b>	<b>179,593</b>	<b>178,123</b>	<b>(48,551)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>272,211</b>	<b>50,000</b>	<b>322,211</b>	<b>370,762</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 270,740</b>	<b>\$ 229,593</b>	<b>\$ 500,334</b>	<b>\$ 322,211</b>
<b>SUPPLEMENTAL DISCLOSURES</b>				
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	-	-	-	-

*See accompanying notes to financial statements.*

## **CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Note 1 – Organization**

Clear Lake City Community Association, Inc. (the “Association”), a Texas non-profit corporation, was formed in March 1963. The Association was organized for civic, educational, and recreational purposes; to provide for maintenance, preservation and architectural control of properties within the boundaries of the Association; and to promote the health, recreation, and well-being of the residents of the community. The Board of Trustees establishes and monitors the policies and procedures of the Association.

#### **Note 2 - Date of Management’s Review**

In preparing the financial statements, the Association has evaluated the events and transactions for potential recognition or disclosure through February 15, 2022, the date the financial statements were available to be issued.

#### **Note 3 - Summary of Significant Accounting Policies**

##### **Fund Accounting**

The Association uses fund accounting, which requires funds allocated for future major repairs and replacements be classified separately from funds available for general operations. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains two funds classified for accounting and reporting purposes 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 account for financial resources designated for future major repairs and replacements.

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby income is recognized when earned, and costs and expenses are recognized when obligations are incurred.

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Fair Value of Financial Instruments**

The Association’s financial instruments are cash and cash equivalents, accounts receivable, and accounts payable. The recorded values of these instruments approximate their fair values based on their short-term nature.



**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**

**Common Interest Realty Associations – Revenue Recognition**

Common Interest Realty Associations (CIRAs) generate revenue primarily from owner assessments and may generate revenue from investment earnings, ancillary operations and other sources. The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standard Codification (ASC), which is effective for annual reporting periods beginning after December 15, 2018, for all entities, including CIRAs. Under FASB ASC 606, revenue is recognized based upon principles of identifying contracts with the customers and underlying performance obligations.

As of the date of the issuance of these financial statements, there is currently no authoritative industry guidance on the application FASB ASC 606 to CIRAs. Therefore, the Association recognizes operating and replacement assessments when assessments are due. Any amounts received in advance of the due date are deferred until due. The Association recognizes revenue from ancillary operations as the Association's performance obligations are satisfied, which, according to ASC 606, is generally when services are provided.

**Note 4 – Cash and Cash Equivalents**

Cash and cash equivalents consist of short-term, liquid investments with maturities of three months or less. The Association maintains its cash balances in financial institutions which are secured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 under the agency's Transaction Account Guarantee Program. As of June 30, 2021, all cash balances were insured by the FDIC.

**Note 5 - Certificates of Deposit**

Certificates of deposit are recorded at cost and are held in various financial institutions by UBS Financial Services. Certificates of deposit at these institutions are secured by the FDIC up to \$ 250,000. As of June 30, 2021, all certificates of deposit were fully insured by the FDIC. The Association's policy is to hold certificates of deposit until maturity. Thus, there are no unrealized gains or losses recognized in the accompanying Statement of Revenues and Expenses. The aggregate fair value of the certificates of deposit as of June 30, 2021, was \$758,602. Unrealized gains as of June 30, 2021, were \$5,885.

**Note 6 - Assessments and Assessments Receivable**

Certain residential and commercial properties in Clear Lake City are subject to an annual community service charge at the rate of eight (8) mills per square foot. The annual millage assessments are collected to fund the normal operating costs of the Association and, at the discretion of the Board of Trustees, to accumulate monies for future major repairs and replacements of components of common property. The annual community service charge shall not be raised above eight (8) mills per square foot unless the increase is approved by owners of a majority of the square footage of lots or property in all sections that pay such millage charges. To secure payment of the assessments, a continuing lien covenant runs with the real property assessed. Assessment fees are recognized when due. Accounts are charged to operations when they are deemed uncollectible based upon periodic review of aging and historical collections. Bad debt expense is provided for in accordance with the allowance method of accounting. As of June 30, 2021, the allowance for doubtful accounts was \$50,124.

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – continued**

**Note 7 - Assessments Received in Advance**

Assessments received in advance represent payments received from Association members that relate to maintenance assessments for the subsequent year. Assessments received in advance are deferred revenue; they are recognized as revenue in the period to which they relate.

**Note 8 - Retirement Plan**

The Association maintains a SIMPLE IRA retirement plan described under Internal Revenue Code Section 408(p). Employees of the Association are eligible to participate in the plan if they are expected to earn \$5,000 during the plan year or received \$5,000 during each of the two preceding calendar years. For the year ended June 30, 2021, the Association provided a matching contribution up to 3% of a participant's compensation, subject to certain limitations imposed by law. All contributions under the SIMPLE IRA plan are fully vested and non-forfeitable.

**Note 9 - Federal Income Tax**

The Association is exempt from federal income tax pursuant to Section 501(c)(4) of the Internal Revenue Code. The federal tax exemption is based primarily upon the Association's work to promote the common good and well-being of the community and the general public. For the year ended June 30, 2021, the Association filed federal tax Form 990 – Return of Organization Exempt from Income Tax.

The Association has adopted Accounting for Uncertainty for Income Taxes guidance, which clarifies the accounting and recognition of tax exposure for tax positions taken or expected to be taken in its income tax return. An entity's status, including its status as a tax-exempt not-for-profit entity is included in the definition of a tax position.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2018, 2019 and 2020 remain open to examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, the Association believes that its tax estimates are appropriate and based on current facts and circumstances.

**Note 10 - State Franchise Tax and Sales Tax**

The Association is exempt from Texas franchise tax as a homeowners' association pursuant to Section 171.082 of the Texas Tax Code. The Association is exempt from state sales tax as a qualifying tax-exempt entity under Section 501(c)(4) of the Internal Revenue Code.

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – continued**

**Note 11 - Property and Equipment**

Real property including common areas acquired from the developer and related improvements to such real property are not reflected on the Association's financial statements. These properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes significant real and personal property to which it has title or other evidence of ownership at cost. The primary classifications of property, equipment and furniture, as June 30, 2021, and their respective useful lives are summarized below. Depreciation expense is calculated using the straight-line method. Depreciation expense for the year ended June 30, 2021, was \$52,938.

	2021	Useful Life
Land	\$ 1,837,308	
Building and improvements	1,724,757	3 to 39 years
Office equipment	11,340	3 to 20 years
Machinery and equipment	148,744	3 to 15 years
Furniture and fixtures	70,785	3 to 15 years
Recreation equipment	45,385	3 to 5 years
	<u>3,838,319</u>	
Less accumulated depreciation	<u>(1,567,552)</u>	
	<u>\$ 2,270,767</u>	

**Note 12 – Donated Property**

In July 2019, a former member of the Association donated two parcels of land to the Association. The aggregate appraised value of the land was \$92,130.

**Note 13 - Paycheck Protection Program Loan**

In May 2020, the Association received a loan in the amount of \$90,313 from the U.S. Small Business Administration under the agency's Paycheck Protection Program.

**Note 14 - Long-term Contract**

On February 26, 2020, the Association entered into a ten-year lease agreement with a swimming club, which provides for the club's use and operation of the Association's swimming facility known as the Oakbrook West Swimming Pool. In addition to rent payments, the swimming club reimburses the Association for costs associated with operation of the facility such as utilities, equipment lease fees, permit fees, chemicals (such as chlorine and muriatic acid), and insurance. The swimming club is also responsible for the on-going maintenance and repair of the facility. In the event of early termination of the lease agreement through no fault of either the Association or the swimming club, the Association is obligated to reimburse the swimming club for its capital expenditures on a pro-rated, sliding scale based on the amount of monies spent and the years remaining on the lease.

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – continued**

**Note 15 – Summarized Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**Note 16 - Future Major Repairs and Replacements**

Pursuant to its governing documents, the Association is authorized to accumulate funds for future major repairs and replacements. The accumulated funds are held in separate savings accounts and certificates of deposit, and are generally not available for operating purposes. The Board of Directors has determined that \$1,000,000 should be maintained in the Replacement Fund for future major repairs and replacements. Amounts accumulated in the Replacement Fund may not be adequate to meet the Association's needs for future major repairs and replacements. If additional monies are needed, the Association may increase assessments subject to legal limits or delay major repairs and replacements until funds are available. More information about future major repairs and replacements is included in a supplemental schedule to these financial statements. The effect of future major repairs and replacements on future assessments has not been determined at this time.

**Note 17 - Subsequent Events**

Upon evaluation, the Association notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be issued.

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS**  
**(UNAUDITED)**  
**June 30, 2021**

An independent engineer conducted a reserve study in December 2019 to estimate the remaining useful lives and replacement costs of the Association's common property. The following information is based on that study and presents significant information about the components of common property. The reserve study is a 30-year projection; it uses a 3% inflation rate and assumes no annual maintenance.

<b>Capital Item To Be Replaced</b>	<b>Remaining Useful Life Years</b>	<b>Capital Expense Budget (\$)</b>
<b>Applewhite Sports and Recreation Center</b>		
Re-surface single-ply membrane roof	5	\$ 403,000
Re-surface built-up and modified bitumen roofing	5	14,250
Patch/re-seal/re-stripe asphalt - repair curbing	5	35,000
Replace wrought iron fence	15	12,000
Repair/Replace pole mounted lighting	18	4,500
Repairs/Upgrades to electrical service components	0	50,000
Repair/Treat rust - metal perimeter fence	0	2,000
Repair sidewalks (Allowance)	0	5,000
Replace A/C compressors (Office & CD Room)	18	54,000
Replace furnaces (Office & CD Room)	23	18,000
Replace water heater (Office/ CD Room)	3	1,300
Replace office equip. & furniture (Office/CD Room)	10	10,000
Re-finish interiors (walls & ceilings) (Office/CD Room)	8	25,000
Replace bathroom fixtures (Office)	17	3,000
Rehab flooring (carpet/tile/wood) (Office)	17	15,000
Replace HVAC unit (Pavilion Room)	16	10,000
Replace water heater (Pavilion Room)	0	10,000
Replace bathroom fixtures (Pavilion Room)	27	3,000
Replace flooring, tile (Pavilion Room)	27	30,000
Replace ceiling mounted heaters (Indoor Pool)	13	7,000
Replace boiler (Indoor Pool)	23	20,500
Replace pump filtration equipment (Indoor Pool)	8	10,000
Re-plaster pool liner (Indoor Pool)	7	25,000
Repair/Re-Surface pool deck & coping (Indoor Pool)	12	5,000
Repairs to HVAC (Basketball Courts)	10	20,000
Replace cooling tower (Gym/Basketball Courts)	10	125,000
Replace boiler/heater (Gym/Basketball Courts)	11	7,000
Replace AC air handling units (Gym/Basketball Courts)	2	170,000

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS**  
**(UNAUDITED) - Continued**  
**June 30, 2021**

<b>Capital Item To Be Replaced</b>	<b>Remaining Useful Life Years</b>	<b>Capital Expense Budget (\$)</b>
<b>Applewhite Sports and Recreation Center (continued)</b>		
Replace backboards and rims (Gym/Basketball Courts)	9	3,000
Replace flooring (Basketball Courts)	19	30,000
Replace bathroom fixtures (Basketball Courts)	15	5,000
Replace fitness equipment (Weight Room)	12	15,000
Replace HVAC (Weight Room)	19	4,000
Replace televisions (Weight Room)	8	1,800
Replace flooring (Weight Room)	10	2,500
Replace pump filtration equipment (Outdoor Pools)	9	18,000
Replace guard stands (Outdoor Pools)	9	2,200
Replace diving boards and stands (Outdoor Pools)	6	20,000
Replace shade structures (Outdoor Pools)	5	5,000
Re-plaster pool liner (Dive) (Outdoor Pools)	0	9,000
Re-plaster pool liner (Slide) (Outdoor Pools)	7	26,000
Re-plaster pool liner (Main) (Outdoor Pools)	4	30,000
Repair/Re-surface pool deck & coping (Outdoor Pool)	6	20,000
Replace slide (Outdoor Pools)	5	80,000
Repairs to pool equipment building (Outdoor Pools)	2	15,000
Replace bathroom fixtures (Outdoor Pools)	5	5,000
Repair/replace wrought iron fence (Outdoor Pools)	5	5,000
Replace bleachers (Outdoor Pools)	25	7,000
<b>Fullerton Park</b>		
Replace playground equipment	15	100,000
Install playground mulch	24	10,000
Replace benches/tables	18	3,000
Patch/Re-seal/Re-stripe asphalt - repair curbing	4	15,000
Repair sidewalks (Allowance)	5	4,500
<b>Rutledge Park</b>		
Replace playground equipment	9	8,800
Install sand and misc. play equipment	2	10,000
Replace benches/tables	2	5,000
Install windscreen (Tennis Courts)	0	3,000
Repair/Replace chain link fence (Tennis Courts)	7	8,000
Re-surface courts (Tennis Courts)	0	18,000

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS**  
**(UNAUDITED) - Continued**  
**June 30, 2021**

<b>Capital Item To Be Replaced</b>	<b>Remaining Useful Life Years</b>	<b>Capital Expense Budget (\$)</b>
<b>Rutledge Park (Continued)</b>		
Replace nets and pulleys (Tennis Courts)	0	4,000
Replace pump filtration equipment (Swimming Pool)	3	6,000
Replace guard stands (Swimming Pool)	9	1,100
Replace diving boards and stands (Swimming Pool)	6	10,000
Replace shade structure (Swimming Pool)	4	5,000
Re-plaster pool liner (Swimming Pool)	1	30,000
Repair/Re-surface pool deck & coping (Swimming Pool)	6	20,000
Replace pool furniture (Swimming Pool)	4	3,000
Patch/Re-seal/Re-stripe asphalt - repair curbing	0	10,000
Repair metal perimeter fence	10	9,000
Replace bathroom fixtures	10	4,500
Re-furbish stucco exterior of pool house	0	5,000
Re-surface roof of pool house	8	3,750
Repair sidewalks (Allowance)	0	3,500
<b>Krueger Park</b>		
Replace windscreen (Tennis Courts)	0	3,000
Repair/Replace chain link fence (Tennis Courts)	5	16,500
Re-surface courts (Tennis Courts)	2	18,000
Repair/Replace pole mounted lighting (Tennis Court)	5	6,000
Replace nets and pulleys (Tennis Courts)	2	4,000
Replace pump filtration equipment (Swimming Pool)	10	5,500
Replace guard stands (Swimming Pool)	10	2,200
Re-plaster pool liner (Swimming Pool)	3	35,000
Repair/Re-surface pool deck & coping (Swimming Pool)	7	20,000
Replace pool furniture (Swimming Pool)	6	3,000
Replace shade structure (Swimming Pool)	5	5,000
Repair/Treat rust - metal perimeter fence	5	4,500
Replace playground equipment	15	45,000
Install sand and quad swings	9	6,500
Replace benches/tables	11	3,000
Replace backstop	15	3,500
Repair asphalt paving/curbing, Seal and stripe	2	2,500
Misc. siding repair & paint exterior of pool house	4	3,500
Re-surface roof of pool house	5	3,000
Repair sidewalk (Allowance)	5	2,500

**CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**  
**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS**  
**(UNAUDITED) - Continued**  
**June 30, 2021**

<b>Capital Item To Be Replaced</b>	<b>Remaining Useful Life Years</b>	<b>Capital Expense Budget (\$)</b>
<b>Oakbrook West Park</b>		
Replace playground equipment	12	45,000
Replace playground border and sand	7	4,500
Replace benches/tables	3	3,000
Replace windscreen (Tennis Courts)	0	3,000
Replace chain link fence (Tennis Courts)	30	16,500
Re-surface courts (Tennis Courts)	1	18,000
Repair/Replace pole mounted lighting (Tennis Court)	6	6,000
Replace nets and pulleys (Tennis Courts)	1	4,000
Replace pump filtration equipment (Swimming Pool)	10	5,500
Replace guard stands (Swimming Pool)	9	2,200
Replace pool heater (Swimming Pool)	6	22,000
Replace starting blocks (Swimming Pool)	7	24,000
Repair/Replace shade structure (Swimming Pool)	0	5,000
Re-plaster pool liner (Swimming Pool)	2	35,000
Repair/Re-surface pool deck & coping (Swimming Pool)	7	20,000
Replace pool furniture (Swimming Pool)	7	1,500
Repair concrete paving/curbing, Seal and stripe	10	2,500
Replace bathroom fixtures	15	2,000
Re-point brick mortar at pool house exterior	15	3,000
Re-surface roof of pool house	10	1,500
Replace backstops	10	4,500
Repair/Treat rust - Metal perimeter fence at pool	8	4,500
Repair sidewalks (Allowance)	10	2,500
<b>Royal Park</b>		
Replace Playground Equipment	18	15,000
Install sand & misc. equipment	8	5,000
Replace benches/tables	8	4,000
Refurbish gazebo	4	5,000
Repair sidewalk (Allowance)	0	5,000
<b>Drill Site Park</b>		
Replace swing set	8	4,000
Replace backstops	10	4,500
Repair concrete paving/curbing, seal and stripe	5	1,000
Update Reserve Study	3	5,500
<b>Total</b>		<b>\$ 2,175,100</b>