

Clear Lake City Community Association, Inc.

Financial Statements

June 30, 2013 and 2012

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Independent Auditor's Report

To the Board of Trustees
Clear Lake City Community Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Clear Lake City Community Association, Inc., which comprise the balance sheets as of June 30, 2013 and 2012, and related statements of revenues, expenditures and changes in fund balances and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report (Continued)

To the Board of Directors of
Clear Lake City Community Association, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clear Lake City Community Association, Inc. as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 - 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied 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 P.C.

Houston, Texas

February 7, 2014

Clear Lake City Community Association, Inc.
Balance Sheets
June 30, 2013 and 2012

	2013			2012
	Operating Fund	Replacement Fund	Total	Total
Assets				
Cash and cash equivalents	\$ 319,284	\$ 53,000	\$ 372,284	\$ 456,994
Certificate of deposit	-	947,000	947,000	989,000
Assessments receivable	291,354		291,354	143,557
Allowance for doubtful accounts	(52,000)		(52,000)	(42,000)
Investment interest receivable	2,719		2,719	2,858
Other receivables	8,301		8,301	3,269
Prepaid expenses	30,588		30,588	33,225
Land	1,745,178		1,745,178	1,745,178
Furniture and equipment, net of accumulated depreciation of \$3,853,814 and \$3,835,380	843,517		843,517	949,207
Finance lease asset, net of accumulated amortization of \$4,071 and \$2,960	1,484		1,484	2,595
Total Assets	\$ 3,190,425	\$ 1,000,000	\$ 4,190,425	\$ 4,283,883
Liabilities and Fund Balances				
Accounts payable	\$ 20,678	\$ -	\$ 20,678	\$ 17,777
Payroll tax payable	2,545		2,545	955.00
Accrued expenses	33,413		33,413	37,255
Prepaid maintenance fees	407,250		407,250	501,712
Rental and key deposit	5,042		5,042	3,593
Lease obligation	237		237	1,415
Total Liabilities	469,165		469,165	562,707
Fund Balances	2,721,260	1,000,000	3,721,260	3,721,176
Total Liabilities and Fund Balances	\$ 3,190,425	\$ 1,000,000	\$ 4,190,425	\$ 4,283,883

See accompanying notes to financial statements.

Clear Lake City Community Association, Inc.
Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2013 and 2012

	2013			2012
	Operating Fund	Replacement Fund	Total	Total
Revenues				
Maintenance assessment	\$ 600,610	\$ -	\$ 600,610	\$ 600,145
Auxilliary assessment	152,966		152,966	131,231
Transfer fees	36,543		36,543	36,720
Legal fees reimbursement	54,092		54,092	123,148
Late fees	41,938		41,938	53,817
Recreational and programming	261,345		261,345	256,216
Rental fees	90,501		90,501	101,880
Interest income	14,099		14,099	15,802
Miscellaneous income	7,212		7,212	14,403
Total Revenues	1,259,306		1,259,306	1,333,362
Expenses				
Administrative expenses:				
Insurance	129,765		129,765	123,415
Legal fees	79,741		79,741	153,847
General office and administration	44,649		44,649	51,586
Taxes-payroll	40,858		40,858	55,690
Accounting and professional fees	23,294		23,294	18,794
Bad debt expense	10,000		10,000	32,439
Phone, pager, fax	6,899		6,899	7,713
Postage	5,495		5,495	9,004
Permits, dues and subscriptions	4,203		4,203	3,493
Equipment rental	3,465		3,465	4,398
Newsletter expenses	2,550		2,550	463
Facilities expense:				
Maintenance and repairs	102,052		102,052	29,101
Pool expenses	39,866		39,866	38,939
Landscape and grounds maintenance	10,849		10,849	21,255
Lease asset amortization	1,111		1,111	1,111

See accompanying notes to financial statements.

Clear Lake City Community Association, Inc.
Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2013 and 2012

	2013		2012
	Operating Fund	Replacement Fund	Total
Expenses (continued)			Total
Salaries and wages	439,817		534,902
Depreciation	107,595		103,038
Utilities	100,260		125,741
Contract labor	69,421		41,824
Programming and events	15,668		33,005
Theft loss	11,830		-
Legal settlement	5,000		15,000
Janitor and shop supplies	4,550		14,314
Interest expense	150		102
Miscellaneous expenses	134		470
Capital improvements	-		192,235
Trash collection expense	-		3,173
Total Expenses	1,259,222		1,615,052
Excess (Deficiency) of			
Revenues over Expenses	84	-	(281,690)
Fund Balance			
Beginning balance	2,721,176	1,000,000	4,002,866
Ending balance	<u>\$ 2,721,260</u>	<u>\$ 1,000,000</u>	<u>\$ 3,721,176</u>

See accompanying notes to financial statements.

Clear Lake City Community Association, Inc.
Statements of Cash Flow
For the Years Ended June 30, 2013 and 2012

	2013			2012
	Operating Fund	Replacement Fund	Total	Total
Cash flows from operating activities				
Excess (Deficiency) of Revenues over Expenses	\$ 84	\$ -	\$ 84	\$ (281,690)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Depreciation	107,595		107,595	103,892
Amortization	1,111		1,111	1,111
Bad debt	10,000		10,000	35,045
(Increase) decrease in:				
Assessments receivable	(147,797)		(147,797)	(43,560)
Investment interest receivable	139		139	2,867
Other receivables	(5,032)		(5,032)	(5,933)
Prepaid expenses	2,637		2,637	5,268
Increase (decrease) in:				
Accounts payable	2,901		2,901	(12,660)
Payroll tax payable	1,590		1,590	(336)
Accrued expenses	(3,842)		(3,842)	21,681
Prepaid assessments	(94,462)		(94,462)	(118,140)
Rental deposits	1,449		1,449	(1,855)
Lease obligation	(1,178)		(1,178)	(1,104)
Net cash used by operating activities	(124,805)	-	(124,805)	(295,414)
Cash flows from investing activities				
Redemption of Certificates of deposits		42,000	42,000	166,000
Acquisition of fixed assets	(1,905)		(1,905)	(138,725)
Net cash (used) provided by investing activities	(1,905)	42,000	40,095	27,275
Net increase (decrease) in cash and cash equivalents	(126,710)	42,000	(84,710)	(268,139)
Cash and cash equivalents, beginning of year	445,994	11,000	456,994	546,219
Cash and cash equivalents, end of year	<u>\$ 319,284</u>	<u>\$ 53,000</u>	<u>\$ 372,284</u>	<u>\$ 278,080</u>
Supplemental Disclosures:				
Taxes Paid	\$ -	\$ -	\$ -	\$ -
Interest Paid	\$ 150	\$ -	\$ 150	\$ -

See accompanying notes to financial statements.

Clear Lake City Community Association, Inc.
Notes to the Financial Statements
June 30, 2013 and 2012

Note 1 – Organization

Clear Lake City Community Association, Inc. (the “Association”), a Texas non-profit corporation, was incorporated March 1963, organized for exclusively civic, educational, and recreational purposes, and to provide for maintenance, preservation and architectural control of properties within the boundaries of Clear Lake City Community Association’s jurisdiction, and to promote the health, recreation, and well-being of the residents of the community. Association policies and procedures are determined by the Board of Trustees.

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 7, 2014, the date the financial statement were available to be issued.

Note 3 - Summary of Significant Accounting Policies

Funds

The Association maintains an Operating Fund and a Replacement Fund. The Operating Fund is used for the payment of current operating expenses including normal maintenance of common areas. The Replacement Fund is used to fund anticipated major repairs and capital improvements over normal expected life of building improvements.

Cash

Cash includes cash and cash equivalents, defined as liquid investments with original maturities of three months or less.

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, prepaid expenses and accounts payable. The recorded values of the cash and cash equivalents, investments, accounts receivable, prepaid expenses and accounts payables approximate their fair values based on their short-term nature.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not reflected on the Association’s financial statements. Those 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.

Clear Lake City Community Association, Inc.
Notes to the Financial Statements (continued)
June 30, 2013 and 2012

Note 3 - Summary of Significant Accounting Policies(continued)

Account Groupings

Some revenue and expense accounts were regrouped for 2012 in order to be more comparative to 2013 categories.

Note 4 – Uninsured Cash Balance

The Association maintains its cash balances in a financial institution located in Houston, Texas. Accounts at the institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000. As of June 30, 2013, all the cash balance was insured by FDIC.

Note 5 – Certificate of Deposit

Certificates of deposits are recorded at cost, and are held in various financial institutions by UBS Financial Services. Accounts at the institutions are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000. As of June 30, 2013, all the balances of Certificate of Deposit are insured by FDIC.

The Association's policy is to hold investments until maturity; therefore, there are no gains or losses recognized on the accompanying Statements of Revenues and Expenses. The aggregate fair value of the investments as of June 30, 2013 and 2012 are \$ 949,965 and \$ 993,600, respectively. The gross unrealized gain as of June 30, 2013 and 2012 are \$ 2,965 and \$ 4,600, respectively.

Note 6 - Assessments

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 mill assessments are collected to meet the Association's normal operating costs and, at the Board of Trustees' discretion, to fund reserves for the repair and replacement of the capital components. The annual community service charge shall not be raised above eight (8) mills per square foot of area, unless raised by the owners of a majority of the square foot area of the lots or property in all of said sections paying such charges. To secure payment of the assessments, a continuing lien covenant runs with the property assessed. This assessment fee is recognized as it is earned. Bad debts are provided on the allowance method (estimate not an actual loss) based on the Association's evaluation of outstanding receivable. The allowance for doubtful accounts was \$ 52,000 and \$ 42,000 at June 30, 2013 and 2012.

Note 7 - Assessments Received in Advance

Assessments received in advance at the balance sheet date represent payments received from association members during the current year, which relate to maintenance assessments for the subsequent year.

Note 8 – Retirement Plan

The Clear Lake City Community Association, Inc. maintains a SIMPLE IRA retirement plan described under IRC 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. The Association provides a matching contribution up to 3% for 2013 and 2012 of the participant's compensation subject to certain limitations imposed by law. All contributions under the SIMPLE plan are fully vested and non-forfeitable.

Clear Lake City Community Association, Inc.
Notes to the Financial Statements (continued)
June 30, 2013 and 2012

Note 9 – Tax Exempt Status and Federal Income Tax

The Association is exempt from federal income under section 501(c) (4) of the Internal Revenue Code. Tax exempt status is based upon the Association promoting the common good and well-being of the community and general public, primarily to bring about civic betterment and social improvement. For the year ended June 30, 2013, the Association filed a Return of Organization Exempt from Income Tax.

On January 1, 2010, the Association adopted the new accounting for uncertainty for income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax return. An entities 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. The Association's federal income tax returns for 2010, 2011, and 2012 remain open to examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Note 10 - State Franchise Tax and Sales Tax

The Association is exempt from Texas franchise tax as specified under Section 171.082 of the Texas Tax Code as a homeowners' association. The Association is exempt from sales tax as a qualifying 501 (c) (4) Association.

Note 11 – Property and Equipment

Major classifications of property, equipment and furniture at June 30, 2013 and 2012, and their respective lives are summarized below:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Useful life</u>
Building and Improvements	\$ 4,242,107	\$ 4,304,202	3-39
Office equipment	18,450	24,449	3-20
Machinery and equipment	272,387	290,754	3-15
Furniture and fixtures	110,748	111,543	3-15
Recreation equipment	53,639	53,639	3-5
	<u>4,697,331</u>	<u>4,784,587</u>	
Less: accumulated depreciation	<u>(3,853,814)</u>	<u>(3,835,380)</u>	
	<u>\$ 843,517</u>	<u>\$ 949,207</u>	

Depreciation is calculated using straight line method. Depreciation expense for the years ended June 30, 2013 and 2012 totaled \$ 107,595 and \$ 103,038, respectively.

Clear Lake City Community Association, Inc.
Notes to the Financial Statements (continued)
June 30, 2013 and 2012

Note 12 – Future Major Repairs and Replacements

The Association's governing documents do not require that funds be accumulated for future major repairs and replacements, but such determination can be made by the Board of Trustees. The purpose of the annual assessments are to (1) provide the working capital necessary to meet the Association's annual operating expenses and (2) maintain a reserve for repair or replacement of the capital components of the Association. Accumulated funds are held in separate cash and investment accounts and are generally not available for expenditures for normal operations.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments in accordance with the declaration or delay major repairs and replacements until funds are available.

Note 13 – Finance Lease Asset

In April 2009, the Association entered into a finance lease agreement of a printer, the term of the lease included a bargaining purchase option of \$1.00. The present value of minimum lease obligation is \$5,557 for lease term 60 months, \$205.00 per month payable at the beginning of each month at the incremental borrowing rate of 3.25% (prime rate in April 2009). As of June 30, 2013 the accumulated amortization of the lease asset is \$ 4,071. The future minimum lease payments for each of the five succeeding fiscal years are as follow:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Future Minimum Lease Payment</u>
2010	137	1,069	1,206
2011	102	1,104	1,206
2012	65	1,141	1,206
2013	27	1,178	1,206
2014	1	200	201

Note 14 – 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
June 30, 2012
(Unaudited)

An independent engineer conducted a study on February 14, 2010 to estimate the remaining useful lives and the replacement costs of the components of the Association's common property. The following information is based on the study and presents significant information about the components of common property. At the June 30, 2013 fiscal year-end, the Association's reserve fund balance was \$ 1,000,000.

<u>Capital Item To Be Replaced</u>	<u>Remaining Life</u>	<u>Estimated Cost</u>	<u>Frequency (Years)</u>
Applewhite Sports and Recreation Center			
Resurface single-ply membrane roofs	6	250,000	25
Re-surface built-up and modified roofing	7	20,000	20
Paint exterior walls	0	20,000	8
Patch/reseal/restripe asphalt - repair curbing	0	37,600	5
Paint/repair pole mounted lighting	0	900	5
Replace pole mounted lighting	6	4,500	20
Repairs/upgrades to electronic service components	0	10,000	40
Repair/treat rust - metal perimeter fence	0	8,000	5
Re-point mortar at brick wall fence	0	1,500	20
Repair sidewalks	0	4,000	5
Backstops	0	10,000	10
Office Area			
a. Replace older HVAC units	0	16,000	15
b. Replace newer HVAC units	6	16,000	15
c. Replace water heater	0	1,000	10
d. Replace drinking fountain	1	800	10
e. Replace computers, office equip. & furniture	0	16,000	5
f. Re-finish interiors (walls and ceilings)	6	24,000	10
g. Replace bathroom fixtures	0	2,600	30
h. Replace flooring (carpet/tile/wood)	6	24,000	10
Pavilion Room			
a. Replace HVAC units	0	8,000	15
b. Replace water heater	2	1,000	10
c. Replace bathroom fixtures	2	2,600	30
d. Repair flooring, wood	3	16,000	7
e. Replace flooring, wood	16	39,000	40

Clear Lake City Community Association, Inc.
Supplementary Information
On Future Major Repairs and Replacements
June 30, 2012
(Unaudited)

<u>Capital Item To Be Replaced</u>	<u>Remaining Life</u>	<u>Estimated Cost</u>	<u>Frequency (Years)</u>
Indoor Pool			
a. Replace ceiling mounted heaters	2	3,200	15
b. Repair boiler (pool hot water)	7	2,000	5
c. Replace boiler	16	15,000	20
d. Pump Filtration Equipment	0	10,000	5
e. Pool liner re-plaster	2	30,000	10
f. Pool deck & coping - repair/re-surface	3	20,000	15
g. Life guard stands	0	4,000	10
h. Pool furniture	0	3,000	7
Basketball Courts			
a. Repairs to heating and cooling equipment	0	5,000	5
b. Replace cooling tower	0	20,000	20
c. Replace boiler/heater	0	20,000	20
d. Replace air handler and ventilation equipment	0	60,000	15
e. Replace basketball backboards w/ rims	1	3,000	10
f. Replace flooring	6	82,225	20
g. Replace drinking fountains	1	820	10
h. Replace bathroom fixtures	0	6,000	30
Weight Room			
a. Replace equipment			
Universal weight set	1	6,000	15
Free weight equipment	1	4,000	15
Stair steppers	0	4,500	5
Treadmills	2	9,000	5
Treadmills	0	9,000	5
Bicycles	0	9,000	5
Elliptical	0	10,000	5
b. HVAC window unit	0	3,100	12
c. Televisions (2 each)	0	2,000	7
d. Flooring	0	3,500	7

Clear Lake City Community Association, Inc.
Supplementary Information
On Future Major Repairs and Replacements
June 30, 2012
(Unaudited)

<u>Capital Item To Be Replaced</u>	<u>Remaining Life</u>	<u>Estimated Cost</u>	<u>Frequency (Years)</u>
Outdoor Pools			
a. Swimming Pools			
Pump Filtration Equipment	7	15,000	5
Guard Stands	0	4,000	10
Dive Stands	0	26,000	10
Diving Boards	0	6,000	5
Shade Structure	1	5,000	10
Pool liner re-plaster (Dive)	6	9,000	10
Pool liner re-plaster (Slide)	6	5,000	10
Pool liner re-plaster (Main)	0	30,000	10
Pool deck and coping - repair/re-surface	3	20,000	15
Pool furniture	0	3,000	7
Replace slide	1	70,000	20
b. Repairs to pool equipment room MEP	0	7,500	5
c. Replace bathroom fixtures	0	24,000	30
d. Repair/replace wrought iron fence	0	4,000	5
e. Replace bleachers	1	11,000	20
Fullerton Park			
a. Replace playground equipment	2	100,000	20
b. Install sand and misc. equipment	0	15,000	25
c. Replace benches/tables	1	3,000	20
d. Tennis courts			
Replace windscreen	3	6,000	5
Repair/Replace chain link fence	6	11,520	20
Resurface courts	3	36,000	5
Replace benches	0	2,000	20
Repair/replace pole mounted lighting	6	18,000	20
Replace shed	6	2,500	20
Replace nets	0	4,000	5
Replace pulleys	0	4,000	5
e. Patch/reseal/restripe asphalt - repair curbing	0	18,000	5
f. Repair sidewalks	0	4,160	5

Clear Lake City Community Association, Inc.
Supplementary Information
On Future Major Repairs and Replacements
June 30, 2012
(Unaudited)

<u>Capital Item To Be Replaced</u>	<u>Remaining Life</u>	<u>Estimated Cost</u>	<u>Frequency (Years)</u>
Rutledge Park			
a. Replace playground equipment	3	25,000	20
b. Install sand and misc. equipment	7	5,000	25
c. Replace benches/tables	4	6,000	20
d. Tennis courts			
Install windscreen	0	3,000	20
Replace/Replace chain link fence	6	7,680	20
Resurface courts	1	18,000	7
Replace benches	6	1,500	20
Replace nets	0	2,000	5
Replace pulleys	0	2,000	5
e. Swimming Pool			
Pool filtration equipment	0	5,000	7
Guard Stands	1	1,500	10
Dive Stands	1	1,500	10
Diving Boards	1	13,000	10
Shade Structure	1	5,000	10
Pool liner re-plaster	8	30,000	10
Pool deck and coping - repair/re-surface	3	20,000	15
Pool furniture	0	3,000	7
f. Patch/reseal restripe asphalt - repair curbing	0	5,700	5
g. Repair/treat rust - metal perimeter fence	0	4,000	5
h. Replace bathroom fixtures	0	7,500	30
i. Paint stucco exterior of pool house	2	1,800	10
j. Resurface roof of pool house	0	3,750	20
k. Repair sidewalks	0	4,000	5
Krueger Park			
a. Tennis courts			
Replace windscreen	1	3,000	5
Repair/Replace chain link fence	6	7,680	20
Resurface courts	0	18,000	7
Replace benches	6	750	20
Repair/replace pole mounted lighting	6	6,000	20
Replace nets	0	2,000	5
Replace pulleys	0	2,000	5

Clear Lake City Community Association, Inc.
Supplementary Information
On Future Major Repairs and Replacements
June 30, 2012
(Unaudited)

<u>Capital Item To Be Replaced</u>	<u>Remaining Life</u>	<u>Estimated Cost</u>	<u>Frequency (Years)</u>
Krueger Park (Cont.)			
b. Swimming Pool			
Pool filtration equipment	7	3,500	5
Guard Stands	4	2,000	10
Pool liner re-plaster	1	26,000	10
Pool deck and coping - repair/re-surface	3	20,000	15
Pool furniture	0	3,000	7
Shade Structure	1	5,000	10
c. Repair/treat rust -metal perimeter fence	0	4,500	5
d. Replace playground equipment	16	45,000	20
e. Install sand and quad swings	4	5,000	10
f. Replace benches/tables	6	5,000	20
g. Replace backstop	4	1,500	20
h. Repair concrete paving/curbing, seal and stripe	0	2,500	5
i. Paint exterior of pool house	2	1,500	8
j. Resurface roof of pool house	0	1,250	20
k. Repair sidewalks	0	1,500	5
Oakbrook West Park			
a. Replace playground equipment	16	45,000	20
b. Replace - Playground border and sand	6	4,500	10
c. Replace benches/tables	2	3,000	20
d. Tennis courts			
Replace windscreen	0	1,400	5
Replace chain link fence	6	7,680	20
Resurface courts	0	20,000	7
Replace benches	0	750	20
Repair/replace pole mounted lighting	6	6,000	20
Replace nets	0	2,000	5
Replace pulleys	0	2,000	5

Clear Lake City Community Association, Inc.
Supplementary Information
On Future Major Repairs and Replacements
June 30, 2012
(Unaudited)

<u>Capital Item To Be Replaced</u>	<u>Remaining Life</u>	<u>Estimated Cost</u>	<u>Frequency (Years)</u>
Oakbrook West Park (Cont.)			
e. Swimming pool			
Pool filtration equipment	7	3,500	5
Guard Stands	1	3,000	10
Dive Stands	1	13,000	10
Diving Boards	0	3,000	5
Shade Structure	1	5,000	10
Pool liner re-plaster	6	26,000	10
Pool deck & coping - repair/re-surface	3	20,000	15
Pool furniture	0	3,000	7
f. Repair concrete paving/curbing, seal and stripe	0	8,000	5
g. Replace bathroom fixtures	0	4,500	30
h. Re-point brick mortar at pool house exterior	18	2,500	20
i. Paint wood trim at pool house exterior	0	1,500	5
j. Resurface roof of pool house	0	1,250	20
k. Repair backstops	4	3,000	20
l. Repair/treat rust - metal perimeter fence	0	4,500	5
m. Repair sidewalks	0	3,000	5
Royal Park			
a. Replace playground equipment	0	45,000	20
b. Install sand and misc. equipment	0	5,000	25
c. Replace benches/tables	6	4,000	20
d. Replace/repair backstops	0	3,000	20
e. Replace gazebo	6	30,000	20
f. Repair sidewalks	0	10,000	5
Drill Site			
a. Install sand and misc play equip	21	10,000	25
b. Replace backstops	10	4,500	20
c. Replace soccer goals	1	750	10
d. Repair concrete paving/curbing, seal and stripe	0	1,000	5
e. Replace benches/tables	6	2,000	20
Other			
Electrical evaluation	0	50,000	40
Repairs/upgrades to electronic service components	0	50,000	40
Update Reserve Study	1	4,500	5
Total		<u>\$2,100,965</u>	