

Clear Lake City Community Association, Inc.

Financial Statements

June 30, 2014 and 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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

March 3, 2015

Clear Lake City Community Association, Inc.
Balance Sheets
June 30, 2014 and 2013

| | 2014 | | 2013 |
|------------------------------------------------------------------------------------------------|---------------------------|-----------------------------|---------------------|
| | Operating Fund | Replacement Fund | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 175,224 | \$ 200,000 | \$ 375,224 |
| Certificate of deposits | | 800,000 | 800,000 |
| Assessments receivable | 292,187 | | 292,187 |
| Allowance for doubtful accounts | (51,799) | | (51,799) |
| Investments interest receivable | 2,071 | | 2,071 |
| Other receivables | 7,479 | | 7,479 |
| Prepaid expenses | 37,724 | | 37,724 |
| Land | 1,745,178 | | 1,745,178 |
| Furniture and equipment (net of accumulated depreciation of \$3,804,476 and \$3,853,814) | 755,736 | | 755,736 |
| Finance lease assets (net of accumulated amortization of \$5,182 and \$4,071) | 373 | | 373 |
| | | | 1,484 |
| Total Assets | \$ 2,964,173 | \$ 1,000,000 | \$ 3,964,173 |
| | | | \$ 4,190,425 |
| Liabilities and Fund Balances | | | |
| Accounts payable | \$ 12,360 | \$ - | \$ 12,360 |
| Payroll tax payable | 841 | | 841 |
| Accrued expenses | 44,947 | | 44,947 |
| Prepaid maintenance fees | 269,505 | | 269,505 |
| Rental and key deposits | 3,270 | | 3,270 |
| Lease obligations | - | - | - |
| | | | 237 |
| Total Liabilities | 330,923 | - | 330,923 |
| | | | 469,165 |
| Fund Balances | 2,633,250 | 1,000,000 | 3,633,250 |
| | | | 3,721,260 |
| Total Liabilities and Fund Balances | \$ 2,964,173 | \$ 1,000,000 | \$ 3,964,173 |
| | | | \$ 4,190,425 |

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, 2014 and 2013

| | 2014 | | 2013 |
|-----------------------------------|-----------------------|-------------------------|------------------|
| | Operating Fund | Replacement Fund | Total |
| Revenues | | | |
| Maintenance assessments | \$ 608,936 | \$ - | \$ 608,936 |
| Auxilliary assessments | - | | - |
| Transfer fees | 63,991 | | 63,991 |
| Legal fees reimbursement | 50,496 | | 50,496 |
| Late fees | 72,278 | | 72,278 |
| Recreational and programming | 300,861 | | 300,861 |
| Rental fees | 105,963 | | 105,963 |
| Interest income | 10,913 | | 10,913 |
| Theft loss recovery | 3,621 | | 3,621 |
| Miscellaneous income | 8,483 | | 8,483 |
| Total Revenues | 1,225,542 | - | 1,225,542 |
| Expenses | | | |
| Administrative expenses: | | | |
| Insurance | 128,779 | | 128,779 |
| Legal fees | 96,482 | | 96,482 |
| General office and administration | 60,970 | | 60,970 |
| Taxes-payroll | 42,238 | | 42,238 |
| Accounting and professional fees | 19,015 | | 19,015 |
| Postage | 6,601 | | 6,601 |
| Permits, dues and subscriptions | 4,124 | | 4,124 |
| Equipment rental | 809 | | 809 |
| Newsletter expenses | 550 | | 550 |
| Phone, pager, fax | 462 | | 462 |
| Bad debt expense | - | | - |
| Facilities expense: | | | |
| Maintenance and repairs | 104,443 | | 104,443 |
| Pool expenses | 78,455 | | 78,455 |
| Landscape and grounds maintenance | 17,532 | | 17,532 |
| Lease asset amortization | 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, 2014 and 2013

| | 2014 | | 2013 |
|-----------------------------|---------------------|---------------------|---------------------|
| | Operating | Replacement | |
| | Fund | Fund | Total |
| Expenses (continued) | | | |
| Salaries and wages | 465,250 | | 439,817 |
| Depreciation | 102,870 | | 107,595 |
| Utilities | 84,971 | | 100,260 |
| Contract labor | 60,341 | | 69,421 |
| Programming and events | 22,915 | | 15,668 |
| Capital improvements | 8,160 | | - |
| Miscellaneous expenses | 4,213 | | 134 |
| Janitor and shop supplies | 3,261 | | 4,550 |
| Theft losses | - | | 11,830 |
| Legal settlement | - | | 5,000 |
| Interest expense | - | | 150 |
| Total Expenses | 1,313,552 | - | 1,259,222 |
| Excess (Deficiency) of | | | |
| Revenues over Expenses | (88,010) | - | 84 |
| Fund Balances | | | |
| Beginning of the year | 2,721,260 | 1,000,000 | 3,721,176 |
| End of the year | <u>\$ 2,633,250</u> | <u>\$ 1,000,000</u> | <u>\$ 3,721,260</u> |

See accompanying notes to financial statements.

Clear Lake City Community Association, Inc.
Statements of Cash Flow
For the Years Ended June 30, 2014 and 2013

| | 2014 | | | 2013 |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------|-------------------|-------------------|
| | Operating Fund | Replacement Fund | Total | Total |
| Cash flows from operating activities | | | | |
| Excess (Deficiency) of Revenues over Expenses | \$ (88,010) | \$ - | \$ (88,010) | \$ 84 |
| Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities: | | | | |
| Depreciation | 102,870 | | 102,870 | 107,595 |
| Amortization | 1,111 | | 1,111 | 1,111 |
| Bad debt | - | | - | 10,000 |
| (Increase) decrease in: | | | | |
| Assessments receivable | (1,034) | | (1,034) | (147,797) |
| Investments interest receivable | 648 | | 648 | 139 |
| Other receivable | 822 | | 822 | (5,032) |
| Prepaid expenses | (7,136) | | (7,136) | 2,637 |
| Increase (decrease) in: | | | | |
| Accounts payable | (8,318) | | (8,318) | 2,901 |
| Payroll tax payable | (1,704) | | (1,704) | 1,590 |
| Accrued expenses | 11,534 | | 11,534 | (3,842) |
| Prepaid assessments | (137,745) | | (137,745) | (94,462) |
| Rental deposits | (1,772) | | (1,772) | 1,449 |
| Lease obligations | (237) | | (237) | (1,178) |
| Net cash used by operating activities | (128,971) | - | (128,971) | (124,805) |
| Cash flows from investing activities | | | | |
| Redemption of Certificates of deposits | | 147,000 | 147,000 | 42,000 |
| Acquisition of office equipment | (15,089) | | (15,089) | (1,905) |
| Net cash (used) provided by investing activities | (15,089) | 147,000 | 131,911 | 40,095 |
| Net increase (decrease) in cash and cash equivalents | (144,060) | 147,000 | 2,940 | (84,710) |
| Cash and cash equivalents, beginning of year | 319,284 | 53,000 | 372,284 | 456,994 |
| Cash and cash equivalents, end of year | <u>\$ 175,224</u> | <u>\$ 200,000</u> | <u>\$ 375,224</u> | <u>\$ 372,284</u> |
| Supplemental Disclosures: | | | | |
| Taxes Paid | \$ - | \$ - | \$ - | \$ - |
| Interest Paid | \$ - | \$ - | \$ - | \$ 150 |

See accompanying notes to financial statements.

Clear Lake City Community Association, Inc.
Notes to the Financial Statements
June 30, 2014 and 2013

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 March 3, 2015, 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.

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 the obligations are incurred.

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.

Clear Lake City Community Association, Inc.
Notes to the Financial Statements (continued)
June 30, 2014 and 2013

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, 2014 and 2013, all the cash balance was insured by FDIC.

Note 5 – Certificates of Deposits

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, 2014 and 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, 2014 and 2013 are \$ 803,721 and \$ 952,519, respectively. The gross unrealized gain as of June 30, 2014 and 2013 are \$ 1,651 and \$ 2,965, respectively.

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 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 \$ 47,662 and \$ 52,000 at June 30, 2014 and 2013.

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 2014 and 2013 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, 2014 and 2013

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 years ended June 30, 2014 and 2013, the Association filed a Return of Organization Exempt from Income Tax.

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 2011, 2012 and 2013 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

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.

Major classifications of property, equipment and furniture at June 30, 2014 and 2013, and their respective lives are summarized below:

| | <u>June 30, 2014</u> | <u>June 30, 2013</u> | <u>Useful life</u> |
|--------------------------------|----------------------|----------------------|--------------------|
| Building and Improvements | \$ 4,123,912 | \$ 4,242,107 | 3-39 |
| Office equipment | 18,224 | 18,450 | 3-20 |
| Machinery and equipment | 256,085 | 272,387 | 3-15 |
| Furniture and fixtures | 110,388 | 110,748 | 3-15 |
| Recreation equipment | 51,603 | 53,639 | 3-5 |
| | <u>4,560,212</u> | <u>4,697,331</u> | |
| Less: accumulated depreciation | <u>(3,804,476)</u> | <u>(3,853,814)</u> | |
| | <u>\$ 755,736</u> | <u>\$ 843,517</u> | |

Depreciation is calculated using straight line method. Depreciation expense for the years ended June 30, 2014 and 2013 totaled \$ 102,870 and \$ 107,595, respectively.

Clear Lake City Community Association, Inc.
Notes to the Financial Statements (continued)
June 30, 2014 and 2013

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.

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 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, 2014 and 2013, the accumulated amortization of the lease asset is \$ 5,182 and \$ 4,071.

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, 2014
(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, 2014 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 | | | |
| a. Resurface single-ply membrane roofs | 5 | 250,000 | 25 |
| b. Re-surface built-up and modified roofing | 6 | 20,000 | 20 |
| c. Paint exterior walls | 0 | 20,000 | 8 |
| d. Patch/reseal/restripe asphalt - repair curbing | 0 | 37,600 | 5 |
| e. Paint/repair pole mounted lighting | 0 | 900 | 5 |
| f. Replace pole mounted lighting | 5 | 4,500 | 20 |
| g. Repairs/upgrades to electronic service components | 0 | 10,000 | 40 |
| h. Repair/treat rust - metal perimeter fence | 0 | 8,000 | 5 |
| i. Re-point mortar at brick wall fence | 0 | 1,500 | 20 |
| j. Repair sidewalks | 0 | 4,000 | 5 |
| k. Backstops | 0 | 10,000 | 10 |
| Office Area | | | |
| a. Replace older HVAC units | 0 | 16,000 | 15 |
| b. Replace newer HVAC units | 5 | 16,000 | 15 |
| c. Replace water heater | 0 | 1,000 | 10 |
| d. Replace drinking fountain | 0 | 800 | 10 |
| e. Replace computers, office equip. & furniture | 0 | 16,000 | 5 |
| f. Re-finish interiors (walls and ceilings) | 5 | 24,000 | 10 |
| g. Replace bathroom fixtures | 0 | 2,600 | 30 |
| h. Replace flooring (carpet/tile/wood) | 5 | 24,000 | 10 |
| Pavilion Room | | | |
| a. Replace HVAC units | 0 | 8,000 | 15 |
| b. Replace water heater | 1 | 1,000 | 10 |
| c. Replace bathroom fixtures | 1 | 2,600 | 30 |
| d. Repair flooring, wood | 2 | 16,000 | 7 |
| e. Replace flooring, wood | 15 | 39,000 | 40 |

Clear Lake City Community Association, Inc.
Supplementary Information On
Future Major Repairs and Replacements - Continued
June 30, 2014
(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 | 1 | 3,200 | 15 |
| b. Repair boiler (pool hot water) | 6 | 2,000 | 5 |
| c. Replace boiler | 15 | 15,000 | 20 |
| d. Pump Filtration Equipment | 0 | 10,000 | 5 |
| e. Pool liner re-plaster | 1 | 30,000 | 10 |
| f. Pool deck & coping - repair/re-surface | 2 | 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 | 0 | 3,000 | 10 |
| f. Replace flooring | 5 | 82,225 | 20 |
| g. Replace drinking fountains | 0 | 820 | 10 |
| h. Replace bathroom fixtures | 0 | 6,000 | 30 |
| Weight Room | | | |
| a. Replace equipment | | | |
| Universal weight set | 0 | 6,000 | 15 |
| Free weight equipment | 0 | 4,000 | 15 |
| Stair steppers | 0 | 4,500 | 5 |
| Treadmills | 1 | 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 - Continued
June 30, 2014
(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 | 6 | 15,000 | 5 |
| Guard Stands | 0 | 4,000 | 10 |
| Dive Stands | 0 | 26,000 | 10 |
| Diving Boards | 0 | 6,000 | 5 |
| Shade Structure | 0 | 5,000 | 10 |
| Pool liner re-plaster (Dive) | 5 | 9,000 | 10 |
| Pool liner re-plaster (Slide) | 5 | 5,000 | 10 |
| Pool liner re-plaster (Main) | 0 | 30,000 | 10 |
| Pool deck and coping - repair/re-surface | 2 | 20,000 | 15 |
| Pool furniture | 0 | 3,000 | 7 |
| Replace slide | 0 | 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 | 0 | 11,000 | 20 |
| Fullerton Park | | | |
| a. Replace playground equipment | 1 | 100,000 | 20 |
| b. Install sand and misc. equipment | 0 | 15,000 | 25 |
| c. Replace benches/tables | 0 | 3,000 | 20 |
| d. Tennis courts | | | |
| Replace windscreen | 2 | 6,000 | 5 |
| Repair/Replace chain link fence | 5 | 11,520 | 20 |
| Resurface courts | 2 | 36,000 | 5 |
| Replace benches | 0 | 2,000 | 20 |
| Repair/replace pole mounted lighting | 5 | 18,000 | 20 |
| Replace shed | 5 | 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 - Continued
June 30, 2014
(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 | 2 | 25,000 | 20 |
| b. Install sand and misc. equipment | 6 | 5,000 | 25 |
| c. Replace benches/tables | 3 | 6,000 | 20 |
| d. Tennis courts | | | |
| Install windscreen | 0 | 3,000 | 20 |
| Replace/Replace chain link fence | 5 | 7,680 | 20 |
| Resurface courts | 0 | 18,000 | 7 |
| Replace benches | 5 | 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 | 0 | 1,500 | 10 |
| Dive Stands | 0 | 1,500 | 10 |
| Diving Boards | 0 | 13,000 | 10 |
| Shade Structure | 0 | 5,000 | 10 |
| Pool liner re-plaster | 7 | 30,000 | 10 |
| Pool deck and coping - repair/re-surface | 2 | 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 | 1 | 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 | 0 | 3,000 | 5 |
| Repair/Replace chain link fence | 5 | 7,680 | 20 |
| Resurface courts | 0 | 18,000 | 7 |
| Replace benches | 5 | 750 | 20 |
| Repair/replace pole mounted lighting | 5 | 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 - Continued
June 30, 2014
(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 | 6 | 3,500 | 5 |
| Guard Stands | 3 | 2,000 | 10 |
| Pool liner re-plaster | 0 | 26,000 | 10 |
| Pool deck and coping - repair/re-surface | 2 | 20,000 | 15 |
| Pool furniture | 0 | 3,000 | 7 |
| Shade Structure | 0 | 5,000 | 10 |
| c. Repair/treat rust -metal perimeter fence | 0 | 4,500 | 5 |
| d. Replace playground equipment | 15 | 45,000 | 20 |
| e. Install sand and quad swings | 3 | 5,000 | 10 |
| f. Replace benches/tables | 5 | 5,000 | 20 |
| g. Replace backstop | 3 | 1,500 | 20 |
| h. Repair concrete paving/curbing, seal and stripe | 0 | 2,500 | 5 |
| i. Paint exterior of pool house | 1 | 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 | 15 | 45,000 | 20 |
| b. Replace - Playground border and sand | 5 | 4,500 | 10 |
| c. Replace benches/tables | 1 | 3,000 | 20 |
| d. Tennis courts | | | |
| Replace windscreen | 0 | 1,400 | 5 |
| Replace chain link fence | 5 | 7,680 | 20 |
| Resurface courts | 0 | 20,000 | 7 |
| Replace benches | 0 | 750 | 20 |
| Repair/replace pole mounted lighting | 5 | 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 - Continued
June 30, 2014
(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> | |