

Sienna Plantation Community Association, Inc.

Financial Statements and
Other Financial and Supplementary Information
December 31, 2023 and 2022

Sienna Plantation Community Association, Inc.

Independent Auditor's Report and
Financial Statements
December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors of
Sienna Plantation Community Association, Inc.
Association, Inc.

Opinion

We have audited the accompanying financial statements of Sienna Plantation Community Association, Inc. (the Association), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years 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 Sienna Plantation Community Association, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Sienna Plantation Community Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Sienna Plantation Community Association, Inc.'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 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 audit 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 Sienna Plantation Community Association, Inc.'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 Sienna Plantation Community Association, Inc.'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 Other Financial Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Other Information, representing account activity for gated neighborhoods, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied at the neighborhood level in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplemental information in future major repairs and replacements on page 17 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 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.



Houston, Texas
July 15, 2024

Sienna Plantation Community Association, Inc.
Balance Sheet
December 31, 2023

	Operating	Replacement	Community Enhancement	Total
Assets				
Cash and cash equivalents	\$ 1,733,316	\$ 397,654	\$ 508,546	\$ 2,639,516
Investments	3,015,129	1,274,543	1,754,543	6,044,215
Accounts receivable, assessments	231,813	-	-	231,813
Accounts receivable, affiliate	67,850	-	-	67,850
Accounts receivable, interfund	39,443	1,909,433	-	1,948,876
Accounts receivable, other	53,290	12,575	129,174	195,039
Prepaid expense	331,707	-	-	331,707
Total current assets	<u>\$ 5,472,548</u>	<u>\$ 3,594,205</u>	<u>\$ 2,392,263</u>	<u>\$ 11,459,016</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable and accrued expenses	\$ 529,985	\$ -	\$ -	\$ 529,985
Prepaid assessments	2,130,704	-	-	2,130,704
Construction deposits	83,000	-	-	83,000
Accounts payable, affiliate	520,296	-	-	520,296
Accounts payable, interfund	812,238	-	1,136,638	1,948,876
Total current liabilities	<u>4,076,223</u>	<u>-</u>	<u>1,136,638</u>	<u>5,212,861</u>
Fund balance				
Fund balance	<u>1,396,325</u>	<u>3,594,205</u>	<u>1,255,625</u>	<u>6,246,155</u>
Total fund balance	<u>1,396,325</u>	<u>3,594,205</u>	<u>1,255,625</u>	<u>6,246,155</u>
Total liabilities and fund balance	<u>\$ 5,472,548</u>	<u>\$ 3,594,205</u>	<u>\$ 2,392,263</u>	<u>\$ 11,459,016</u>

See notes to financial statements.

Sienna Plantation Community Association, Inc.
Balance Sheet
December 31, 2022

	Operating	Replacement	Community Enhancement	Total
Assets				
Cash and cash equivalents	\$ 4,014,258	\$ 655,928	\$ 2,308,953	\$ 6,979,139
Accounts receivable, assessments	112,017	-	-	112,017
Accounts receivable, affiliate	562,258	-	-	562,258
Accounts receivable, interfund	-	1,714,218	-	1,714,218
Accounts receivable, other	16,936	-	-	16,936
Prepaid expense	73,232	-	-	73,232
Total current assets	<u>\$ 4,778,701</u>	<u>\$ 2,370,146</u>	<u>\$ 2,308,953</u>	<u>\$ 9,457,800</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable and accrued expenses	\$ 69,064	\$ -	\$ -	\$ 69,064
Prepaid assessments	1,995,820	-	-	1,995,820
Construction deposits	86,000	-	-	86,000
Accounts payable, affiliate	-	-	-	-
Accounts payable, interfund	840,043	-	874,175	1,714,218
Total current liabilities	<u>2,990,927</u>	<u>-</u>	<u>874,175</u>	<u>3,865,102</u>
Fund balance				
Fund balance	<u>1,787,774</u>	<u>2,370,146</u>	<u>1,434,778</u>	<u>5,592,698</u>
Total fund balance	<u>1,787,774</u>	<u>2,370,146</u>	<u>1,434,778</u>	<u>5,592,698</u>
Total liabilities and fund balance	<u>\$ 4,778,701</u>	<u>\$ 2,370,146</u>	<u>\$ 2,308,953</u>	<u>\$ 9,457,800</u>

See notes to financial statements.

Sienna Plantation Community Association, Inc.
Statement of Revenues and Expenses and Change in Fund Balances
For the Year Ended December 31, 2023

	Operating	Replacement	Community Enhancement	Total
Revenues				
Assessment	\$ 6,808,726	\$ -	\$ -	\$ 6,808,726
Working capital fees	539,228	472,818	364,176	1,376,222
Grant awards	55,234	-	-	55,234
Developer subsidy	126,761	-	-	126,761
Interest income	72,288	25,977	37,587	135,852
Other income	101,222	-	-	101,222
Total revenues	<u>\$ 7,703,459</u>	<u>\$ 498,795</u>	<u>\$ 401,763</u>	<u>\$ 8,604,017</u>
Expenses				
Property maintenance	\$ 302,317	\$ 353,442	\$ -	\$ 655,759
Landscape maintenance	2,904,453	268,705	-	3,173,158
Facilities, recreation and leisure	513,899	-	-	513,899
Utilities	346,438	-	-	346,438
Management fee to SPRAI	1,034,988	-	-	1,034,988
Security	162,193	-	-	162,193
Insurance	458,384	-	-	458,384
Professional fees, legal	25,990	-	-	25,990
Professional fees, other	25,775	-	-	25,775
Holiday decoration	97,350	-	-	97,350
Grants, education	-	-	24,748	24,748
Grants, community and events	-	-	1,373,376	1,373,376
Miscellaneous	57,163	-	1,339	58,502
Total expenses	<u>5,928,950</u>	<u>622,147</u>	<u>1,399,463</u>	<u>7,950,560</u>
Change in fund balance	<u>1,774,509</u>	<u>(123,352)</u>	<u>(997,700)</u>	<u>653,457</u>
Interfund transfers				
Transfer, reserve allocation	(1,363,703)	546,494	817,209	-
Transfer, management	(802,255)	800,917	1,338	-
Fund balance, beginning of year	<u>1,787,774</u>	<u>2,370,146</u>	<u>1,434,778</u>	<u>5,592,698</u>
Fund balance, end of year	<u>\$ 1,396,325</u>	<u>\$ 3,594,205</u>	<u>\$ 1,255,625</u>	<u>\$ 6,246,155</u>

See notes to financial statements.

Sienna Plantation Community Association, Inc.
Statement of Revenues and Expenses and Change in Fund Balances
For the Year Ended December 31, 2022

	Operating	Replacement	Community Enhancement	Total
Revenues				
Assessment	\$ 5,344,717	\$ -	\$ -	\$ 5,344,717
Working capital fees	784,056	258,256	411,953	1,454,265
Grant awards	131,983	-	-	131,983
Developer subsidy	143,809	-	-	143,809
Interest income	8,893	1,413	6,485	16,791
Other income	123,210	-	-	123,210
Total revenues	<u>\$ 6,536,668</u>	<u>\$ 259,669</u>	<u>\$ 418,438</u>	<u>\$ 7,214,775</u>
Expenses				
Property maintenance	\$ 157,664	\$ 190,634	\$ -	\$ 348,298
Landscape maintenance	1,958,236	66,445	-	2,024,681
Facilities, recreation and leisure	323,687	-	-	323,687
Utilities	409,639	-	-	409,639
Management fee to SPRAI	675,184	-	-	675,184
Security	138,972	-	-	138,972
Insurance	138,782	-	-	138,782
Professional fees, legal	13,127	-	-	13,127
Professional fees, other	56,701	-	-	56,701
Holiday decoration	89,644	-	-	89,644
Grants, education	-	-	10,000	10,000
Grants, community and events	-	-	918,450	918,450
Miscellaneous	30,662	-	3,048	33,710
Total expenses	<u>3,992,298</u>	<u>257,079</u>	<u>931,498</u>	<u>5,180,875</u>
Change in fund balance	<u>2,544,370</u>	<u>2,590</u>	<u>(513,060)</u>	<u>2,033,900</u>
Interfund transfers				
Transfer, reserve allocation	(850,809)	150,000	700,809	-
Transfer, management	(1,028,808)	1,326,111	(297,303)	-
Fund balance, beginning of year	<u>1,123,021</u>	<u>891,445</u>	<u>1,544,332</u>	<u>3,558,798</u>
Fund balance, end of year	<u>\$ 1,787,774</u>	<u>\$ 2,370,146</u>	<u>\$ 1,434,778</u>	<u>\$ 5,592,698</u>

See notes to financial statements.

Sienna Plantation Community Association, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023

	Operating	Replacement	Community Enhancement	Total
Cash flows, operating activities				
Change in fund balance	\$ 1,774,509	\$ (123,352)	\$ (997,700)	\$ 653,457
Adjustment to reconcile change in fund balance to net cash (Increase) decrease in:				
Assessment receivable	(119,796)	-	-	(119,796)
Accounts receivable, affiliate	495,728	-	-	495,728
Accounts receivable, interfund	(39,443)	(195,215)	-	(234,658)
Accounts receivable, other	(36,353)	(12,575)	(129,174)	(178,102)
Prepaid expense	(258,476)	-	-	(258,476)
Increase (decrease) in:				
Accounts payable	460,921	-	-	460,921
Prepaid assessments	134,884	-	-	134,884
Deposits	(3,000)	-	-	(3,000)
Accounts payable, affiliates	518,976	-	-	518,976
Accounts payable, interfund	(27,805)	-	262,463	234,658
Net cash provided (used), operating	<u>2,900,145</u>	<u>(331,142)</u>	<u>(864,411)</u>	<u>1,704,592</u>
Cash flows, investing activities				
Investment purchases	<u>(3,015,129)</u>	<u>(1,274,543)</u>	<u>(1,754,543)</u>	<u>(6,044,215)</u>
Net cash provided (used), investing	<u>(3,015,129)</u>	<u>(1,274,543)</u>	<u>(1,754,543)</u>	<u>(6,044,215)</u>
Cash flows, financing activities				
Transfer, reserve allocation	(1,363,703)	546,494	817,209	-
Transfer, management	<u>(802,255)</u>	<u>800,917</u>	<u>1,338</u>	<u>-</u>
Net cash provided (used), financing	<u>(2,165,958)</u>	<u>1,347,411</u>	<u>818,547</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(2,280,942)	(258,274)	(1,800,407)	(4,339,623)
Cash and cash equivalents, beginning of year	<u>4,014,258</u>	<u>655,928</u>	<u>2,308,953</u>	<u>6,979,139</u>
Cash and cash equivalents, end of year	<u>\$ 1,733,316</u>	<u>\$ 397,654</u>	<u>\$ 508,546</u>	<u>\$ 2,639,516</u>
Supplemental disclosure:				
Income tax paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ 16,662	\$ -	\$ -	\$ -

See notes to financial statements.

Sienna Plantation Community Association, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022

	Operating	Replacement	Community Enhancement	Total
Cash flows, operating activities				
Change in fund balance	\$ 2,544,370	\$ 2,590	\$ (513,060)	\$ 2,033,900
Adjustment to reconcile change in fund balance to net cash (Increase) decrease in:				
Assessment receivable	(41,678)	-	-	(41,678)
Accounts receivable, affiliate	(562,258)	-	-	(562,258)
Accounts receivable, interfund	730,952	(1,714,218)	-	(983,266)
Accounts receivable, other	(2,726)	-	-	(2,726)
Prepaid expense	(36,692)	-	-	(36,692)
Increase (decrease) in:				
Accounts payable	(26,864)	-	-	(26,864)
Prepaid assessments	486,004	-	-	486,004
Deposits	(21,551)	-	-	(21,551)
Accounts payable, affiliates	(74,892)	-	-	(74,892)
Accounts payable, interfund	840,043	(31,633)	174,856	983,266
Net cash provided (used), operating	<u>3,834,708</u>	<u>(1,743,261)</u>	<u>(338,204)</u>	<u>1,753,243</u>
Cash flows, financing activities				
Transfer, reserve allocation	(850,809)	150,000	700,809	-
Transfer, management	<u>(1,028,808)</u>	<u>1,326,111</u>	<u>(297,303)</u>	<u>-</u>
Net cash provided (used), financing	<u>(1,879,617)</u>	<u>1,476,111</u>	<u>403,506</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,955,091	(267,150)	65,302	1,753,243
Cash and cash equivalents, beginning of year	<u>2,059,167</u>	<u>923,078</u>	<u>2,243,651</u>	<u>5,225,896</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,014,258</u></u>	<u><u>\$ 655,928</u></u>	<u><u>\$ 2,308,953</u></u>	<u><u>\$ 6,979,139</u></u>
Supplemental disclosure:				
Income tax paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ -	\$ -	\$ -

See notes to financial statements.

Sienna Plantation Community Association, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Note 1 – Nature of Organization

Sienna Plantation Community Association, Inc. (the Association) is a Texas non-profit corporation incorporated on January 9, 2015 for the purpose of exercising all the powers and privileges and performing all the duties and obligations of the Association as set forth in the Sienna Plantation Master Covenant. The Association performs duties for the benefit of the southern portion of Sienna Plantation, located in Fort Bend County, Texas. The Association is under development and is anticipated to consist of approximately 8,000 lots when fully developed. As of December 31, 2023, the southern portion of Sienna Plantation consisted of 4,201 annexed lots.

Note 2 - Summary of Significant Accounting Policies

Date of Management's Review

In preparation of the financial statements, the Association has evaluated the events and transactions for potential recognition or disclosure through July 15, 2024, the date the financial statements were available to be issued.

Basis of Accounting

The financial statements are prepared using fund accounting and include the consolidated financial activities of the neighborhood associations within the master association: Sienna Community Association, Fox Bend, Forest Landing, and Parkway Place. Detailed activity of the neighborhood associations' operating and replacement reserve funds is presented as supplementary information.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund-This fund is used to account for financial resources available for the general operations of the Association.

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

Community Enhancement Fund -This fund is used to accumulate financial resources to supplement and compliment the functions of the Association by providing a higher level of service and resources through sponsorship of all community events, various programs, activities and events in and around Sienna Plantation.

Fair Value of Financial Instruments

The carrying value of the Association's cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of their short-term nature.

Investments, classified as held-to-maturity, are carried at amortized cost, which approximates fair value. Investments consist of CDARS, certificates of deposit placed through an account registry service, with maturities up to approximately two years. Fair market value of CDARS is measured based on level 2 inputs (quoted prices for identical assets in markets that are not active). Unrealized gains and losses are included in the change in net assets. Investment income is reported as an increase in fund balance within the fund category holding the investments.

Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Sienna Plantation Community Association, Inc.
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Real property and common areas acquired from the developers and related improvements to such property are not recorded in the Association's financial statements as those properties are owned by the individual property holders in common and not by the Association. Property and equipment purchased by the Association that is not material to the Association is expensed in the period purchased. The Association capitalizes significant real and personal property, to which it has title or other evidence of ownership, at cost and depreciates it using the straight-line method. As of December 31, 2023, the Association held no capitalized assets.

Member Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The Association levies both residential and neighborhood assessments, based on rates determined and approved by the Board of Directors. Association revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the reserve fund assessments are satisfied when these funds are expended for their designated purpose. Other income is recognized when the services are performed. Receivables are stated at the billed amount plus any unpaid late fees. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Assessments are charged to all lots that are owned by builders or homeowners. The annual assessment is prorated if a unit is transferred during the year. The current annual rates for 2023 and 2022 are \$1,428 and \$1,307, respectively, for annual assessments and \$1,101 and \$772, respectively, for Fox Bend units, \$3,120 and \$3,120, respectively, for Forest Landing units, and \$3,034 and \$3,034, respectively, for Parkway Place units. Payments received for future periods are treated as prepaid assessment and presented as a liability on the balance sheet.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to assess late fees to the account of unit owners whose assessments are 30 days or more delinquent; receivables from owners are secured by an automatic lien on the property.

The Association assesses the collectability of the receivables based on a review of the individual accounts receivable to determine if it is necessary to adjust the allowance for doubtful accounts. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration includes consideration of past experience and susceptibility to factors outside the Association's control. It is the opinion of the board of directors that the Association will ultimately prevail against homeowners with delinquent assessments. The Association calculates an annual allowance for doubtful accounts. Any excess assessments at year end are retained by the Association for use in the succeeding years.

Working Capital Fees

In addition to assessments, the Association collects a working capital fee. The working capital fee is a one-time fee, due from the homeowner when a new home is purchased from the builder and on existing home resales. The annual lot assessment fee, equal to 100%, is a separate amount due, payable to the Association and cannot be applied as a credit against or prepayment of any other assessments levied against a lot. If there is a Special Common Area Assessment imposed on a lot there is also a one-time working capital fee equal to that year's assessment.

Sienna Plantation Community Association, Inc.
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Community Enhancement Fees

There is a Community Enhancement Fee assessed on each real estate transaction. The fee per resale transaction is equal to 0.5% of the gross sales price of the home and is to be paid by the transferring owner. The fee per new home transaction is equal to 0.25% of the estimated gross sales price of the home, paid by the builder at the time the lot is purchased from the developer.

Special Assessments

The Association may also levy one or more special assessments in any fiscal year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or repair or replacement of a capital improvement located upon the common elements.

Special assessments in excess of this amount require approval by the members. As long as the declarant has an option unilaterally to subject additional property to the Association's declaration, the declarant may annually elect either to pay assessments on its property or pay the Association the difference between the amount of assessments collected on all other property subject to assessment and the amount of actual expenses incurred to operate the Association during the fiscal year.

The Association recognizes special assessment revenue from members (or other funds for specific projects) as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to reserve assessments.

During the years ended December 31, 2022 and 2023, no special assessments were levied by the Association.

Prepaid Assessment

Assessments for the current year are included in revenue. Amounts billed or payments received for periods subsequent to the balance sheet date are presented as "prepaid assessments", a liability account.

Contract Liabilities (Reserve Assessments Received in Advance)

The Association recognizes revenue from members (or other funds for specific projects) as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to reserve assessments. At December 31, 2023, the contract liabilities balance was \$0.

Federal Income Taxes

The Association's policy is to record interest expense or penalties related to income tax in operating expenses. For the years ended December 31, 2023 and 2022, no interest or penalties were paid or accrued.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the report amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Sienna Plantation Community Association, Inc.
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 3 – Investments

The investment balance represents certificates of deposit, with maturity dates in excess of ninety days, presented at amortized cost. Investments of \$6,044,216 at December 31, 2023. Investments held at December 31, 2023 were comprised of certificates of deposit with interest rates ranging from 4% to 5% and maturities ranging from April 18, 2024 through December 26, 2024.

Note 4 – Federal Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2023 and 2022. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government. For the year ended December 31, 2023, the tax liability was \$0.

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

Note 5- Related Party Transactions

The Association is included in a shared amenities and cost allocation agreement with Sienna Plantation Residential Association (SPRAI) and Sienna Plantation Property Owners Association (SPPOA) to operate, manage, administer, and maintain the shared amenities. In accordance with this agreement, the Association paid net fees of \$116,707 in 2022 and received net fees of \$209,465 in 2023. These amounts are included in the property maintenance balance on the statement of revenues, expenses and changes in fund balance.

The Association is engaged in an administrative and accounting services agreement, which is subject to cancellation based on non-performance by either party or upon a certain number of days' notice. In accordance with the agreement, the Association pays a monthly fee to SPRAI; amounts paid under this agreement totaled \$1,034,988 and \$675,184 in 2023 and 2022, respectively.

The Association contributed funds to SPRAI for events funding and events payroll. In the years ended December 31, 2023 and 2022, the Association events distributions to SPRAI totaled \$74,750 and \$154,300, respectively.

In the normal course of operations, certain expenses are paid by one of the Sienna Plantation entities; the other entities then reimburse the paying entity for their allocated portions of the expense. The Association affiliate receivables were \$24,830, \$6,000, and \$37,020 from SPRAI, SPBAI, and SPTHA, respectively, at December 31, 2023. Accounts payable to SPRAI totaled \$520,296. At December 31, 2022, the Association reported receivables from SPRAI and SPTHA of \$562,153 and \$105, respectively.

Sienna Plantation Community Association, Inc.
Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 6 – Future Repairs and Replacement Reserves

The Association's governing documents require funds be accumulated for future repairs and replacements. During 2016, the developer began the process to convey common property to the Association. Accumulated funds, which aggregate \$2,781,967 on December 31, 2023, are held in separate accounts and are generally not available for operating purposes.

The Association engaged an independent consulting firm, who conducted a study in 2023 to estimate the remaining useful lives and the replacement costs of the common property components of its common property. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

Note 7 – Declarant Control

The Association is under declarant control. No assessment is levied on lots owned by the declarant.

Note 7 – Commitments and Contingencies

The Association has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled \$285,451 at December 31, 2023. The Association maintains its cash with a high-quality financial institution which the Association believes limits these risks.

The Association conducts a major portion of its daily operations using the contract services of various organizations and vendors. These contracts are generally three-year agreements and contain a 30-day cancellation notice by either party. These agreements cover services such as repairs and maintenance, engineering, and other miscellaneous functions.

Other Financial and Supplementary Information

Sienna Plantation Community Association, Inc.
Supplementary Information, Fox Bend (Unaudited)
December 31, 2023

	<u>Operating</u>	<u>Replacement</u>	<u>Total</u>
Balance Sheet			
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable, affiliate	-	144,911	144,911
Total current assets	<u>\$ -</u>	<u>\$ 144,911</u>	<u>\$ 144,911</u>
<i>Liabilities and Fund Balance</i>			
<i>Liabilities</i>			
Accounts payable and accrued expenses	\$ -	\$ -	\$ -
Accounts payable, affiliate	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance</i>			
Fund balance	-	144,911	144,911
Total fund balance	<u>-</u>	<u>144,911</u>	<u>144,911</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 144,911</u>	<u>\$ 144,911</u>
Statement of Revenue, Expenses and Changes in Fund Balances			
<i>Revenues</i>			
Assessments	\$ 64,959	\$ 25,830	\$ 90,789
Working capital	-	1,101	1,101
Total revenues	<u>64,959</u>	<u>26,931</u>	<u>91,890</u>
<i>Expenses</i>			
General property maintenance	17,425	-	17,425
Landscaping	4,138	-	4,138
Utilities	1,345	-	1,345
Professional fees	5,920	-	5,920
Reserve, net of reimbursement	25,830	20,283	46,113
Total expenses	<u>54,658</u>	<u>20,283</u>	<u>74,941</u>
Interfund transfers	(10,301)	10,301	-
Change in fund balances	<u>-</u>	<u>16,949</u>	<u>16,949</u>
Fund balance, beginning of year	-	127,962	127,962
Fund balances, end of year	<u>\$ -</u>	<u>\$ 144,911</u>	<u>\$ 144,911</u>

Sienna Plantation Community Association, Inc.
Supplementary Information, Forest Landing (Unaudited)
December 31, 2023

	Operating	Replacement	Total
Balance Sheet			
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable, affiliate	-	123,788	123,788
Total current assets	<u>\$ -</u>	<u>\$ 123,788</u>	<u>\$ 123,788</u>
<i>Liabilities and Fund Balance</i>			
<i>Liabilities</i>			
Accounts payable and accrued expenses	\$ -	\$ -	\$ -
Accounts payable, affiliate	19,239	-	19,239
Total current liabilities	<u>19,239</u>	<u>-</u>	<u>19,239</u>
<i>Fund balance</i>			
Fund balance	(19,239)	123,788	104,549
Total fund balance	<u>(19,239)</u>	<u>123,788</u>	<u>104,549</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 123,788</u>	<u>\$ 123,788</u>
Statement of Revenue, Expenses and Changes in Fund Balances			
<i>Revenues</i>			
Assessments/ Developer Subsidy	\$ 168,651	\$ -	\$ 168,651
Working capital	-	74,880	74,880
Total revenues	<u>168,651</u>	<u>74,880</u>	<u>243,531</u>
<i>Expenses</i>			
Landscaping	41,096	-	41,096
General and administrative	2,400	-	2,400
Professional fees	12,225	-	12,225
Property insurance	159,416	-	159,416
Reserve, net of reimbursement	-	-	-
Total expenses	<u>215,137</u>	<u>-</u>	<u>215,137</u>
Interfund transfers	-	-	-
Change in fund balances	<u>(46,486)</u>	<u>74,880</u>	<u>28,394</u>
Fund balance, beginning of year	27,247	48,908	76,155
Fund balances, end of year	<u>\$ (19,239)</u>	<u>\$ 123,788</u>	<u>\$ 104,549</u>

Sienna Plantation Community Association, Inc.
Supplementary Information, Parkway Place (Unaudited)
December 31, 2023

	<u>Operating</u>	<u>Replacement</u>	<u>Total</u>
Balance Sheet			
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable, affiliate	-	133,524	133,524
Total current assets	<u>\$ -</u>	<u>\$ 133,524</u>	<u>\$ 133,524</u>
<i>Liabilities and Fund Balance</i>			
<i>Liabilities</i>			
Accounts payable and accrued expenses	\$ -	\$ -	\$ -
Accounts payable, affiliate	14,363	-	14,363
Total current liabilities	<u>14,363</u>	<u>-</u>	<u>14,363</u>
<i>Fund balance</i>			
Fund balance	(14,363)	133,524	119,161
Total fund balance	<u>(14,363)</u>	<u>133,524</u>	<u>119,161</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 133,524</u>	<u>\$ 133,524</u>
Statement of Revenue, Expenses and Changes in Fund Balances			
<i>Revenues</i>			
Assessments/ Developer Subsidy	\$ 166,788	\$ -	\$ 166,788
Working capital	-	81,918	81,918
Total revenues	<u>166,788</u>	<u>81,918</u>	<u>248,706</u>
<i>Expenses</i>			
Landscaping	17,201	-	17,201
General and administrative	2,400	-	2,400
Professional fees	12,225	-	12,225
Property insurance	213,526	-	213,526
Reserve, net of reimbursement	-	-	-
Total expenses	<u>245,352</u>	<u>-</u>	<u>245,352</u>
Change in fund balances	<u>(78,564)</u>	<u>81,918</u>	<u>3,354</u>
Fund balance, beginning of year	<u>64,201</u>	<u>51,606</u>	<u>115,807</u>
Fund balances, end of year	<u>\$ (14,363)</u>	<u>\$ 133,524</u>	<u>\$ 119,161</u>

Sienna Plantation Community Association, Inc.
Supplementary Information on Future Major Repairs
And Replacements (Unaudited)

An independent reserve study firm conducted a study in 2023 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The estimated costs were obtained from licensed contractors who inspected the property. The study projected reserve fund analysis for non-annual maintenance items over a 30-year period. The capital items listed are those that are typically the responsibility of the Association and are listed at current replacement costs.

Estimated current replacement costs have not been revised since that date but replacement costs in 30-year period have taken into account the effects of inflation between the date of the study and the date that the components will require repair or replacement, using an inflation rate of 2.5%. The study used a 1.5% interest rate assumption.

The following information is based on the study and presents significant information about the components of common property. At December 31, 2023, the Association has designated \$2,781,967 of its net assets for major repairs and replacements.

Components Group	Estimated Remaining Useful Lives (years)	Current Replacement Cost
General	0-33	5,454,677
Sienna Parkway Intersection	3-18	21,315
Sawmill Recreation Center	1-24	1,557,832
Sawmill Pool	0-18	1,085,621
Sawmill Park, Splash Pad & Pavillion	0-29	1,306,230
Sawmill Greenway Along Trail Sys	9-16	7,558
Private Roads	4-29	128,395
Deer Valley Park	8-16	16,749
Heritage Park	1-23	415,492
Mill Crossing Lawn	8-27	97,248
Plaza Ridge Park	0-28	91,081
Delta Point Park	8-28	104,111
Creekside Park	9-29	54,444
Heritage Grove Park	9-16	175,562
Sienna Grove Park	9-29	123,836
Pecan Grove Park	9-29	142,379
Sienna Oaks Lake Trail System	9-14	46,381
Sienna Parkway Tree Room	4-9	51,197
		<hr/> 10,880,108 <hr/>