



CASCADES HOMEOWNERS ASSOCIATION

2021 Update

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Introduction

The Cascades Homeowner Associations will be holding its annual meeting in **February 2021**. The event is expected to be a combination of in-person and virtual, with details to be communicated later this month.

In advance of the meeting, the following information is being provided to everyone who contributes to the HOA. The intent is to address many of the commonly asked questions and provide transparency into the financial aspects of the HOA.

We believe the Cascades is an amazing place to live, offering unmatched environment, amenities, and residents. At the same time, we welcome your ideas and feedback as there's still more than we can do to make Cascades the premier community in East Texas.

Thanks and we look forward to seeing you soon.

*Cascades Homeowners Association
Board of Directors*



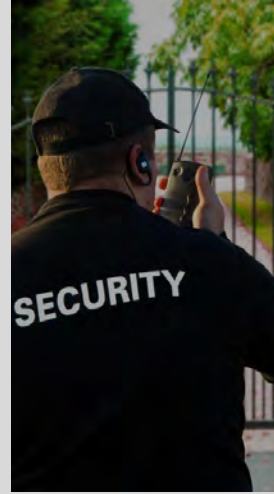
Key Contacts

Please *reach out* to the appropriate contact with any questions.



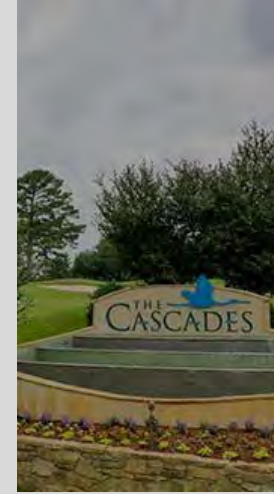
Real Estate & Design Review

Nathan Foreman
Cascades Real Estate
(903) 525-0004
nathan@cascadesoftexas.com



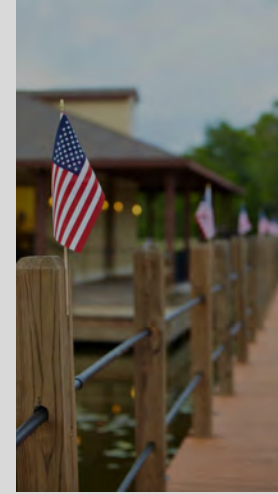
Security

Weiser Security
Cascades Security
(903) 258-4339
cascades@weisersecurity.com



Billing

CMA
Customer Care
(972) 943-2828
customercare@cmamanagement.com



Misc. Questions

Nathan Foreman
Cascades Real Estate
(903) 525-0004
nathan@cascadesoftexas.com



BOARD OF DIRECTORS

BILL CAWLEY
Developer

BUDDY MILLER
*Homeowner
Representative*

Brian Neitzel
*Developer
Representative*

The role of the Board is to approve the annual budget and assessments, and enforce the CC&R's of the community.

For questions of the Board, email
nathan@cascadesoftexas.com



HOA ADVISORY COMMITTEE

VALERIE OBESSO

PAM MURPHY

KEITH HENSON

BRETT PASCHALL

RANDY MOFFETT

PAUL CRITELLI

JIMMY GILLINGHAM

NATHAN FOREMAN

BRIAN NEITZEL

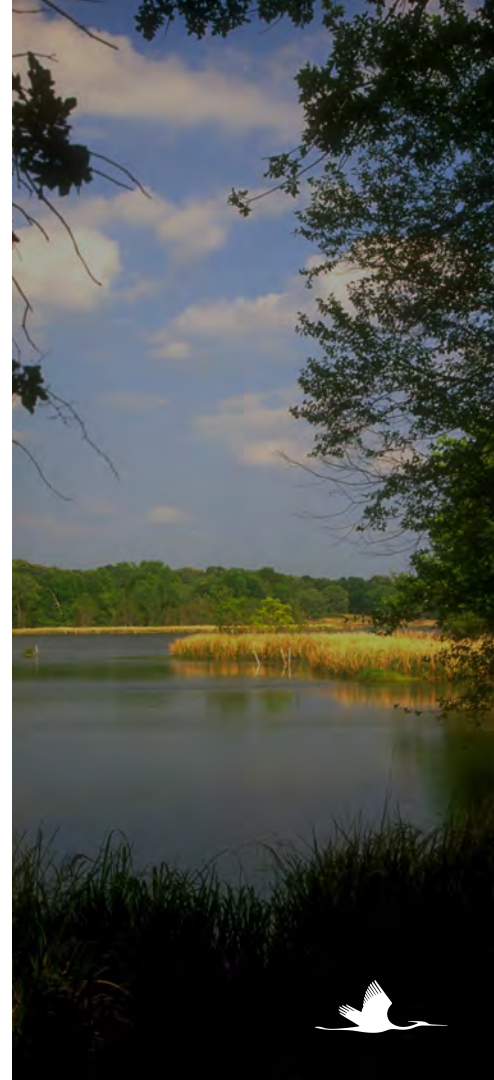
The role of the Advisory Committee

is to consult the Board on budget related matters and represent the interests of the community.

Committee Topics

Budget priorities
Security and safety
Community improvement opportunities
Neighborhood maintenance
Neighborhood Social
Improving Communication

For questions of the Committee, email
nathan@cascadesoftexas.com



DESIGN REVIEW COMMITTEE

BUDDY MILLER

JIM LOWDEN

BRIAN NEITZEL

The role of the Design Review Committee is to enforce Design Guidelines on all new construction in the community and enforce compliance of post-construction modifications.

For questions of the DRC, email
nathan@cascadesoftexas.com





BUDGET

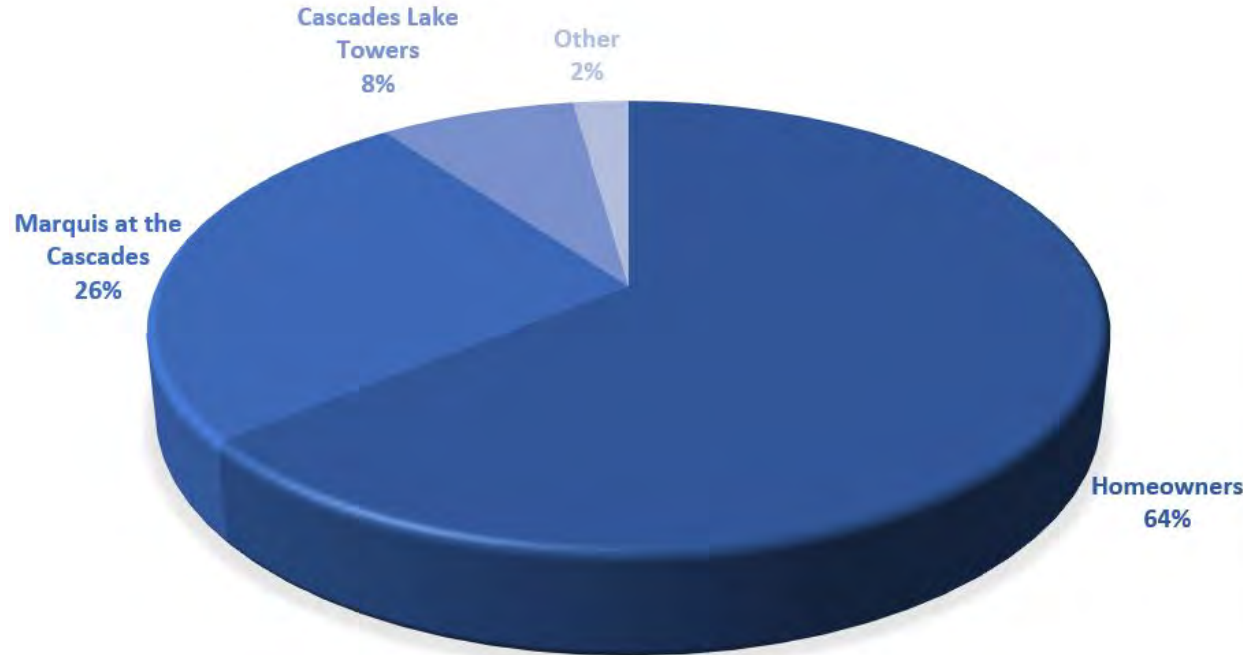
2021 HOA Revenues
and Expenses



2021 HOA Budget

Who
Contributes to
the HOA?

HOA DUES IN 2021 = \$350,000



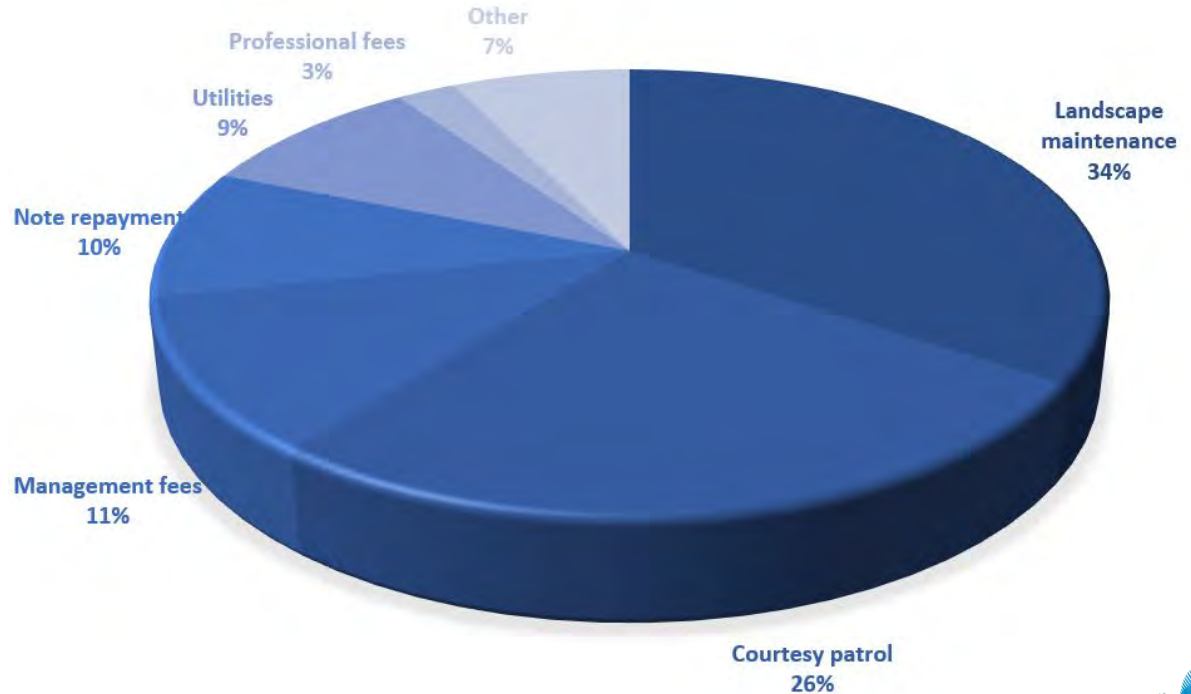
NOTE: Detailed budget included in the exhibits



2021 HOA Budget

Where does the
money go?

HOA EXPENSES IN 2021 = \$350,000



NOTE: Detailed budget included in the exhibits



2021 BUDGET

1. **WHO REVIEWS THE BUDGET?** HOA Advisory Committee and the HOA Board of Directors work together to finalize the budget for 2021.
2. **WHO APPROVES THE BUDGET?** The HOA Board of Directors approves the final budget.
3. **WHO CONTROLS THE MONEY?** CMA Management serves as the 3rd party financial custodian for the HOA. All dues are paid into CMA and all expenses are paid by CMA.
4. **IS THE HOA AUDITED?** Yes, the HOA is audited every year by a CPA firm. A copy of the 2019 audited financial for the HOA is attached as an exhibit to this presentation.
5. **DOES ANY MONEY GET EXCHANGED BETWEEN THE HOA AND THE DEVELOPER?** Historically, no.

In 2019 the HOA was short on funds as a result of uncollected dues (foreclosure proceedings took place) and unexpected expenses. With Board approval, the Developer loaned the HOA \$70,000 to pay bills. This loan is being paid off over a 2 year period ending 2021.

In 2019 the HOA hired the Cascades Country Club to perform neighborhood maintenance. This was in response to poor performance by 3rd party landscape firm previously hired by the HOA to perform this service.



SECURITY



WEISER SECURITY SERVICES, INC.



WEISER SECURITY

COURTESY PATROL

6pm - 6am

903.258.4339

cascades@weisersecurity.com

NON-EMERGENCY CONCERNS OR SERVICE

Bryan Ream, Senior Branch Mgr.

214.634.2123 (o)

214.435.5855 (c)

EMERGENCY CONCERNS

Call Tyler PD or 911

The role of Weiser Security in The Cascades community:

- **Weiser will:**
 - Provide physical presence in the community to deter criminal activity
 - Be the eyes and ears in the community during hours of patrol
 - Be available to walk personal property at the request of the homeowner
 - Let homeowners know when they see an open garage or window in the middle of the night
- **Weiser will not:**
 - Provide armed officers
 - Arrest, detain, or pursue individuals believed to be conducting criminal activity



NEIGHBORHOOD SECURITY

Options for increased security being discussed by the Advisory Committee.

- **Expanding Weiser's Hours**
 - Temporarily expanded coverage to include 12pm - 6pm Friday through Monday
 - Hourly rate of \$21.50
- **Tyler PD Officer Patrol of the Neighborhood**
 - Tyler PD has indicated they will be increasing their patrol of the Cascades following recent break-ins (*no charge to the community*)
 - HOA can hire Tyler PD to patrol during specific hours if desired
 - \$40/hr in unmarked car
 - \$50/hr in police vehicle





REAL ESTATE UPDATE



REAL ESTATE UPDATE

17 New Home Starts in 2020

CASCADES SINGLE FAMILY		2018	2019	2020
HOMES SOLD		8	7	20
AVERAGE SP		\$547,599	\$587,642	\$630,547
AVERAGE \$/SF		\$157.87	\$154.71	\$171.68
2020 ONLY	SIMILAR NEIGHBORHOODS	THE CROSSING	EAGLES BLUFF	STONEGATE
	HOMES SOLD	9	12	4
	AVERAGE SP	\$590,777	\$615,208	\$571,750
	AVERAGE \$/SF	\$169.00	\$135.33	\$142.75



FREQUENTLY ASKED QUESTIONS

COMMUNITY GOVERNANCE

1. HOA BOARD

- **WHO IS ON THE HOA BOARD?**

Bill Cawley, Buddy Miller, and Brian Neitzel

- **HOW ARE THE MEMBERS CHOSEN?**

Appointed by the Developer, Bill Cawley

- **WHAT DECISIONS IS THE BOARD RESPONSIBLE FOR?**

Approve the annual budget and assessments and enforce the CC&Rs of the community.

- **WHERE IS THIS SET FORTH IN THE GOVERNING DOCUMENTS?**

The Cascades Homeowners Association is governed by the Declaration of Covenants, Conditions, and Restrictions for Cascades, as amended, and as filed of record. A copy of the CC&Rs is available upon request.



2. HOA ADVISORY COMMITTEE

- **WHO IS ON THE ADVISORY COMMITTEE?**

Bill Cawley, Valerie Obesso, Pam Murphy, Keith Henson, Brett Paschall, Randy Moffett, Paul Critelli, Jimmy Gillingham, Nathan Foreman, and Brian Neitzel

- **HOW ARE THE MEMBERS CHOSEN?**

By invitation from the HOA Board.

- **WHAT IS ITS ROLE?**

The role of the Advisory Committee is to consult the Board on budget related matters, represent the interests of the community, provide feedback on pressing matters, and collaborate on special topics and projects.

COMMUNITY SAFETY

1. GATING THE COMMUNITY

- **WHO IS REQUIRED TO APPROVE GATING THE COMMUNITY?**

Gating the community requires City of Tyler approval and includes taking financial responsibility for maintaining the streets inside the gates.



- **WHEN WAS THE LAST TIME THE HOA BOARD EXPLORED GATING THE COMMUNITY?**

An effort was made in 2014 to gain City approval to gate the community. At that time, there was widespread support within the community, but it was not unanimous support. For the City to approve, adjacent property owners were given the opportunity express their opinions. Those property owners included, but were not limited to, Pine Hills, the Marquis, and the Briarwood Estates.

Gating the community requires the HOA to take financial responsibility for the maintenance of the streets within the gated area. A reserve study would need to be done to determine the long-term financial exposure of doing so.

The location of the gates was not finalized in 2014. Also, whether the gates would be manned would be a question of expense and the HOA's ability to support such expense.

Ultimately, there was enough concern from adjacent property owners that the City chose not to advance our request.



2. SPEEDING, RUNNING STOP SIGNS & OTHER SAFETY ISSUES IN THE COMMUNITY

- **WHAT OPTIONS HAS THE HOA EXPLORED TO ADDRESS THOSE ISSUES?**

The City of Tyler has not been supportive of adding additional speed bumps (or equivalent) in the community. The "speed tables" installed on Hogan Drive where the golf cart path intersects the road was a trial balloon from the city, and they have expressed to us in informal discussions that they are not planning on installing anymore of those at The Cascades (or anywhere else in Tyler). Other alternatives have been discussed, but nothing has come to fruition, and homeowners driving efforts to lobby the City for approval can only help and is encouraged.



EXHIBITS

- A. 2021 BUDGET
- B. LATEST 2020 FINANCIALS
- C. 2019 AUDIT REPORT



Exhibit A

Cascades Homeowners Association, Inc. 2021 Budget

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	2020 Budget	Increase (Decrease)
REVENUE															
Assessment Revenues	18,825.00	18,825.00	18,825.00	18,825.00	18,825.00	18,825.00	18,825.00	18,825.00	18,825.00	18,825.00	18,825.00	18,825.00	223,500.00	224,000.00	(500.00)
Working Capital/Member Fees	800.00	0.00	800.00	0.00	600.00	0.00	600.00	0.00	800.00	0.00	600.00	0.00	3,600.00	3,600.00	0.00
Other Income	867.73	67.81	867.90	87.99	658.08	58.16	648.25	38.34	628.43	18.51	618.60	13.69	4,153.49	3,600.00	553.49
Interassociation Revenues	9,813.51	9,813.51	9,813.51	9,813.51	9,813.51	9,813.51	9,813.51	9,813.51	9,813.51	9,813.51	9,813.51	9,813.51	117,762.12	117,762.12	0.00
TOTAL REVENUE	29,706.24	29,506.32	29,706.41	28,506.50	29,696.58	28,496.67	29,688.78	28,476.85	29,666.94	29,457.02	29,657.11	28,452.20	349,015.61	348,962.12	53.49
EXPENSES															
Administrative:															
Management Fees	3,250.00	3,250.00	3,250.00	3,250.00	3,250.00	3,250.00	3,250.00	3,250.00	3,250.00	3,250.00	3,250.00	3,250.00	39,000.00	39,000.00	0.00
Professional Fees	812.00	392.00	1,130.00	25.00	600.00	525.00	600.00	1,800.00	1,125.00	45.00	712.75	500.00	8,366.75	12,510.00	(4,143.25)
Supplies	330.00	330.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	228.45	50.00	1,338.45	1,728.00	(389.55)
Insurance	514.08	514.08	514.08	514.08	514.08	514.08	514.08	514.08	514.08	514.08	514.08	514.12	6,169.00	4,900.65	1,268.35
Taxes	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	0.00	1,300.00	0.00	1,325.00	1,363.32	(36.32)
Other Miscellaneous	219.09	240.29	318.14	194.42	186.97	154.89	144.72	134.55	123.34	114.09	103.48	104.50	2,020.48	1,120.00	900.48
Community Activities	200.00	200.00	3,050.00	200.00	200.00	200.00	245.00	200.00	200.00	200.00	200.00	200.00	5,295.00	4,947.50	347.50
Landscape & Common Area Maintenance															
Utilities	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,734.39	32,434.39	25,607.85	6,826.74
Maintenance	9,743.33	9,743.33	9,943.33	10,343.33	9,943.33	9,743.33	9,943.33	9,743.33	10,543.33	9,743.33	10,543.33	9,943.37	119,920.00	124,200.00	(4,280.00)
Fountains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	800.00	(800.00)
Irrigation	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00	1,800.00	0.00
Courtesy Patrol	7,800.00	7,200.00	7,500.00	7,500.00	7,700.00	7,300.00	7,800.00	7,700.00	7,700.00	7,800.00	7,500.00	7,700.00	91,200.00	90,000.00	1,200.00
Repair & Replacement Reserves	907.73	307.61	907.90	307.99	908.08	308.16	908.25	308.34	908.43	308.51	908.60	308.69	7,238.49	4,704.00	2,594.48
TOTAL EXPENSES	26,726.23	25,027.51	29,513.45	25,258.82	26,184.46	24,895.46	26,305.38	26,550.30	27,264.18	24,875.01	26,110.69	25,455.07	316,167.56	312,482.12	3,685.44
NET INCOME PER BUDGET	2,980.01	3,478.81	192.96	3,246.68	3,512.13	3,601.21	3,381.38	1,926.55	2,402.76	3,582.01	1,546.42	2,997.13	32,848.05	36,480.00	(3,631.95)
Non-Operating Cash / Capital Usage	2,934.36	2,954.19	2,954.37	2,967.03	2,974.48	2,886.57	2,994.73	3,004.91	3,016.11	3,025.36	3,035.97	0.00	32,848.06	36,480.00	(3,631.95)
TOTAL EXPENSES	29,660.59	27,981.67	32,467.82	28,226.85	29,158.94	27,882.03	29,300.11	29,555.21	30,280.29	27,900.37	31,146.66	25,455.07	349,015.61	348,962.12	53.49
NET INCOME PER BUDGET	45.65	524.65	(2,761.41)	279.65	537.65	614.64	386.65	(1,078.36)	(613.35)	556.65	(1,489.55)	2,897.13	0.00	0.00	(0.00)
BUDGET BALANCE	45.65	524.65	(2,761.41)	279.65	537.65	614.64	386.65	(1,078.36)	(613.35)	556.65	(1,489.55)	2,897.13	0.00	0.00	(0.00)


Approved By: 
Date: 10.5.20

Exhibit B



Community.
Well Served.

Financial Reports.

Month Ending / December 2020



We are proud of the CMA logo which represents servant leadership. The image depicts a stylized figure embodied as a doorknocker; hands extended to serve homeowners and help protect their property values.



Helping Communities Achieve their Goals
Every Step of the Way





Assets

Operating Accounts		
0100-01000700-00 North State Bank	\$42,180.90	
Total Operating Accounts:		<u>\$42,180.90</u>
Excess Operating Accounts		
0200-02000300-00 Capital One Bank	116,663.36	
0200-02000795-00 North State Bank Construction Deposits	39,600.00	
Total Excess Operating Accounts:		<u>\$156,263.36</u>
Reserve Accounts		
0300-03000705-00 North State Bank	10,935.74	
0300-03000810-00 Veritex Community Bank - Capital Improvement Fund	22,364.89	
Total Reserve Accounts:		<u>\$33,300.63</u>
Accounts Receivable		
0500-05000001-00 Accounts Receivable	3,112.20	
0500-05009997-00 Allowance For Doubtful Accounts	(3,112.20)	
Total Accounts Receivable:		<u>\$0.00</u>
Prepaid Expenses		
0600-06000001-00 Insurance	750.25	
Total Prepaid Expenses:		<u>\$750.25</u>
Total Assets:		<u><u>\$232,495.14</u></u>

Liabilities & Equity

Accounts Payable		
2100-21000001-00 Vendor Payables	554.96	
2100-21000002-00 Accruals	12,745.81	
Total Accounts Payable:		<u>\$13,300.77</u>
Owner Assessments		
2200-22000000-00 Prepaid Assessments	122,007.96	
Total Owner Assessments:		<u>\$122,007.96</u>
Construction Deposits		
2400-24000003-00 Construction Deposits	39,600.00	
Total Construction Deposits:		<u>\$39,600.00</u>
Developer Note		
2700-27000004-00 Developer	32,848.07	
Total Developer Note:		<u>\$32,848.07</u>
Repair & Replacement Equity		
3001-30010001-00 R & R Reserve - General	10,935.74	
3001-30010033-00 Reserve - Capital Improvements	22,364.89	
Total Repair & Replacement Equity:		<u>\$33,300.63</u>
PY Retained Earnings		
3300-33000001-00 Prior Year's Adjustment	(6,559.76)	
3300-33001000-00 Prior Years Retained Earnings	(71,735.26)	
Total PY Retained Earnings:		<u>(\$78,295.02)</u>
Net Income Gain / Loss	69,732.73	
Total Liabilities & Equity:		<u><u>\$232,495.14</u></u>

Description	Current Period			Year-to-date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
OPERATING INCOME							
Assessment Revenues							
50010001-00 Homeowner Assessments	\$18,708.33	\$18,875.00	(\$166.67)	\$223,647.53	\$224,000.00	(\$352.47)	\$224,000.00
50010009-00 Prior Year Assessments	-	-	-	2,630.13	-	2,630.13	-
Total Assessment Revenues	\$18,708.33	\$18,875.00	(\$166.67)	\$226,277.66	\$224,000.00	\$2,277.66	\$224,000.00
Working Capital/Member Fees							
50020004-00 Reserve Contribution	-	-	-	3,600.00	3,600.00	-	3,600.00
Total Working Capital/Member Fees	\$-	\$-	\$-	\$3,600.00	\$3,600.00	\$0.00	\$3,600.00
Other Income							
50030001-00 Interest - Non-Restricted Investments	21.33	-	21.33	1,676.47	-	1,676.47	-
50030002-00 Interest - Restricted Investments	6.83	-	6.83	79.27	-	79.27	-
50030003-00 Late Fees	(300.00)	-	(300.00)	2,400.00	-	2,400.00	-
50030004-00 ARC Submittals & Fines	-	-	-	3,600.00	3,600.00	-	3,600.00
50030005-00 Assessment Interest Charges	(1,285.07)	-	(1,285.07)	1,029.84	-	1,029.84	-
Total Other Income	(\$1,556.91)	\$-	(\$1,556.91)	\$8,785.58	\$3,600.00	\$5,185.58	\$3,600.00
Interassociation Revenue							
50071001-00 Condo Dues	2,049.18	2,277.96	(228.78)	24,590.16	27,335.52	(2,745.36)	27,335.52
50071002-00 Apartment Dues	7,535.54	7,535.55	(0.01)	90,426.56	90,426.60	(0.04)	90,426.60
Total Interassociation Revenue	\$9,584.72	\$9,813.51	(\$228.79)	\$115,016.72	\$117,762.12	(\$2,745.40)	\$117,762.12
Total OPERATING INCOME	\$26,736.14	\$28,688.51	(\$1,952.37)	\$353,679.96	\$348,962.12	\$4,717.84	\$348,962.12
OPERATING EXPENSE							
Management Fees							
70060001-00 Management Fees	750.00	750.00	-	9,000.00	9,000.00	-	9,000.00
70060003-00 On-Site Fees	2,500.00	2,500.00	-	30,000.00	30,000.00	-	30,000.00
Total Management Fees	\$3,250.00	\$3,250.00	\$-	\$39,000.00	\$39,000.00	\$0.00	\$39,000.00
Professional Fees							
70080001-00 Legal	377.20	-	(377.20)	853.60	6,000.00	5,146.40	6,000.00
70080002-00 Audit	-	-	-	1,563.60	1,800.00	236.40	1,800.00
70080005-00 Architectural	-	-	-	2,393.91	3,600.00	1,206.09	3,600.00
70080006-00 Tax Preparation	-	-	-	230.00	280.00	50.00	280.00
70080010-00 Community Mailings	-	-	-	114.00	330.00	216.00	330.00
70080011-00 Other Professional Fees	-	-	-	930.00	500.00	(430.00)	500.00
70080024-00 Violation Enforcement	-	-	-	25.00	-	(25.00)	-
Total Professional Fees	\$377.20	\$-	(\$377.20)	\$6,110.11	\$12,510.00	\$6,399.89	\$12,510.00
Supplies							
70100001-00 Postage	6.00	10.00	4.00	89.40	120.00	30.60	120.00
70100002-00 Admin/Office Supplies & Misc.	2.40	2.00	(0.40)	16.08	24.00	7.92	24.00
70100003-00 Community Mass Mailings	-	-	-	167.04	721.00	553.96	721.00
70100008-00 Copies	0.30	30.00	29.70	25.50	360.00	334.50	360.00
70100010-00 Scanned Documents	1.80	3.00	1.20	25.95	36.00	10.05	36.00
70100011-00 Violation Notices	-	6.00	6.00	-	72.00	72.00	72.00
70100012-00 Collection Notices	-	33.00	33.00	215.90	396.00	180.10	396.00
Total Supplies	\$10.50	\$84.00	\$73.50	\$539.87	\$1,729.00	\$1,189.13	\$1,729.00
Insurance							
70120001-00 General Liability	47.42	46.77	(0.65)	660.05	561.02	(99.03)	561.02
70120002-00 Directors & Officers	290.42	168.02	(122.40)	3,755.08	2,016.02	(1,739.06)	2,016.02
70120003-00 Umbrella	44.58	49.74	5.16	631.81	596.66	(35.15)	596.66
70120005-00 Auto	20.83	20.85	0.02	249.98	249.98	-	249.98
70120007-00 Workers Compensation	-	27.50	27.50	41.26	330.00	288.74	330.00
70120009-00 Property	96.91	95.59	(1.32)	1,160.99	1,146.97	(14.02)	1,146.97
70129997-00 Insurance Finance Charges	-	-	-	15.00	-	(15.00)	-
Total Insurance	\$500.16	\$408.47	(\$91.69)	\$6,514.17	\$4,900.65	(\$1,613.52)	\$4,900.65
Taxes							
70180002-00 Franchise	-	-	-	-	25.00	25.00	25.00



Description	Current Period			Year-to-date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
70180003-00 Property	\$-	\$-	\$-	\$25.20	\$1,338.32	\$1,313.12	\$1,338.32
Total Taxes	\$-	\$-	\$-	\$25.20	\$1,363.32	\$1,338.12	\$1,363.32
Other Miscellaneous							
70220004-00 Interest	121.52	-	(121.52)	2,069.53	-	(2,069.53)	-
70220005-00 Bad Debt	(1,512.92)	94.00	1,606.92	(486.92)	1,120.00	1,606.92	1,120.00
70220006-00 Storage	-	-	-	78.05	-	(78.05)	-
70220013-00 Sales Tax Addendums	(9.73)	-	9.73	164.28	-	(164.28)	-
Total Other Miscellaneous	(\$1,401.13)	\$94.00	\$1,495.13	\$1,824.94	\$1,120.00	(\$704.94)	\$1,120.00
Community Activities							
70240001-00 Community Activities	-	100.00	100.00	144.86	1,200.00	1,055.14	1,200.00
70240002-00 Meetings - Town Hall/Annual	-	-	-	-	2,850.00	2,850.00	2,850.00
70240008-00 Web Site	-	22.50	22.50	42.35	897.50	855.15	897.50
Total Community Activities	\$-	\$122.50	\$122.50	\$187.21	\$4,947.50	\$4,760.29	\$4,947.50
LS & CA Utilities							
70500001-00 Water	1,022.39	102.65	(919.74)	19,523.41	22,337.65	2,814.24	22,337.65
70500002-00 Electric	459.81	200.00	(259.81)	7,687.30	3,270.00	(4,417.30)	3,270.00
Total LS & CA Utilities	\$1,482.20	\$302.65	(\$1,179.55)	\$27,210.71	\$25,607.65	(\$1,603.06)	\$25,607.65
LS & CA Maintenance							
70520001-00 General Maintenance	8,660.00	8,000.00	(660.00)	103,920.00	96,000.00	(7,920.00)	96,000.00
70520003-00 Trees	-	150.00	150.00	-	1,800.00	1,800.00	1,800.00
70520045-00 Supplemental Mowing	-	700.00	700.00	125.00	8,400.00	8,275.00	8,400.00
70529997-00 Other C/A Maintenance	-	1,500.00	1,500.00	1,670.31	18,000.00	16,329.69	18,000.00
Total LS & CA Maintenance	\$8,660.00	\$10,350.00	\$1,690.00	\$105,715.31	\$124,200.00	\$18,484.69	\$124,200.00
Fountains							
70540003-00 Maintenance	-	50.00	50.00	-	600.00	600.00	600.00
Total Fountains	\$-	\$50.00	\$50.00	\$-	\$600.00	\$600.00	\$600.00
Irrigation & Pest Control							
70600003-00 Irrigation Repairs	-	150.00	150.00	-	1,800.00	1,800.00	1,800.00
Total Irrigation & Pest Control	\$-	\$150.00	\$150.00	\$-	\$1,800.00	\$1,800.00	\$1,800.00
Courtesy Patrol							
70690001-00 Courtesy Patrol	9,075.71	7,500.00	(1,575.71)	92,036.44	90,000.00	(2,036.44)	90,000.00
Total Courtesy Patrol	\$9,075.71	\$7,500.00	(\$1,575.71)	\$92,036.44	\$90,000.00	(\$2,036.44)	\$90,000.00
Repair & Replacement							
75000001-00 Repair & Replacement Reserves	92.00	92.00	-	1,104.00	1,104.00	-	1,104.00
75000002-00 Interest on Reserves	6.83	-	(6.83)	79.27	-	(79.27)	-
75000010-00 New Owner Contribution	-	-	-	3,600.00	3,600.00	-	3,600.00
Total Repair & Replacement	\$98.83	\$92.00	(\$6.83)	\$4,783.27	\$4,704.00	(\$79.27)	\$4,704.00
Principal Payment on Loans							
89910001-00 Principal Payment on Loans	-	3,040.00	3,040.00	-	36,480.00	36,480.00	36,480.00
Total Principal Payment on Loans	\$-	\$3,040.00	\$3,040.00	\$-	\$36,480.00	\$36,480.00	\$36,480.00
Total OPERATING EXPENSE	\$22,053.47	\$25,443.62	\$3,390.15	\$283,947.23	\$348,962.12	\$65,014.89	\$348,962.12
Net Income:	\$4,682.67	\$3,244.89	\$1,437.78	\$69,732.73	\$0.00	\$69,732.73	\$0.00

Exhibit C

CASCADES HOMEOWNERS ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cascades Homeowners Association, Inc.
Tyler, Texas

We have audited the accompanying financial statements of the Cascades Homeowners Association, Inc. which comprise the Balance Sheet as of December 31, 2019, and the related Statements of Revenues, Expenses and Changes in Fund Balance, and Cash Flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cascades Homeowners Association, Inc. as of December 31, 2019, and the results of its operations, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

As discussed in Footnote 7, the Association's Management (The Board of Directors) has not conducted a reserve study on future major repairs and replacements, which accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Very truly yours,

Timothy, DeVolt and Company, P.C.

Timothy, DeVolt and Company, P.C.

Certified Public Accountants

November 6, 2020

CASCADES HOMEOWNERS ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2019

ASSETS			
	OPERATING FUND	REPLACEMENT FUND	TOTAL
CURRENT ASSETS			
Cash, including interest-bearing deposits	\$ 193,368	\$ 22,017	\$ 215,385
Assessments receivable, less allowance for doubtful accounts of \$ 3,499	1,161		1,161
Prepaid insurance	1,248		1,248
TOTAL CURRENT ASSETS	<u>195,777</u>	<u>22,017</u>	<u>217,794</u>
TOTAL ASSETS	<u>\$ 195,777</u>	<u>\$ 22,017</u>	<u>\$ 217,794</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES			
Accounts payable	\$ 17,712	\$	\$ 17,712
Assessments received in advance	135,196		135,196
Miscellaneous payable	1,174		1,174
Note payable - current portion	31,557		31,557
Construction deposits payable	39,600		39,600
TOTAL CURRENT LIABILITIES	<u>225,239</u>	<u>-</u>	<u>225,239</u>
OTHER LIABILITIES			
Note payable (less current portion)	35,773		35,773
Miscellaneous			
TOTAL OTHER LIABILITIES	<u>35,773</u>	<u>-</u>	<u>35,773</u>
TOTAL LIABILITIES	<u>261,012</u>	<u>-</u>	<u>261,012</u>
FUND BALANCES / (DEFICITS)	<u>(65,235)</u>	<u>22,017</u>	<u>(43,218)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 195,777</u>	<u>\$ 22,017</u>	<u>\$ 217,794</u>

See the accompanying Independent Auditors' Report
and the Footnotes to the Financial Statements.

CASCADES HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES	OPERATING FUND	REPLACEMENT FUND	TOTAL
Regular assessments	\$ 216,127	\$ 4,200	\$ 220,327
Apartment dues	70,080		70,080
Condo dues	24,590		24,590
Other income	9,431		9,431
Miscellaneous owner fees	5,600		5,600
Late/collection charges	5,128		5,128
Interest income	550	75	625
TOTAL REVENUES	331,506	4,275	335,781
OPERATING EXPENSES			
Landscaping & lawn maintenance	103,108		103,108
Courtesy patrol	89,959		89,959
Utilities expense	50,920		50,920
Management fees - contract	42,000		42,000
Architectural	31,184		31,184
Legal & professional fees	10,313		10,313
Insurance expense	9,382		9,382
Office supplies & admin. costs	4,691		4,691
Repairs - irrigation	3,928		3,928
Common area maintenance	3,600		3,600
Taxes - real property	1,284		1,284
Interest expense	376		376
Restricted reserve expense		4,858	4,858
TOTAL OPERATING EXPENSES	350,745	4,858	355,603
EXCESS REVENUES / (EXPENSES)	\$ (19,239)	\$ (583)	\$ (19,822)
BEGINNING FUND BALANCE / (DEFICIT)	(53,096)	29,100	(23,996)
WORKING CAPITAL CONTRIBUTIONS	-	600	600
INTER-FUND TRANSFERS	7,100	(7,100)	-
ENDING FUND BALANCE / (DEFICIT)	\$ (65,235)	\$ 22,017	\$ (43,218)

See the accompanying Independent Auditors' Report
and the Footnotes to the Financial Statements.

CASCADES HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
CASH FLOW FROM OPERATING ACTIVITIES:			
Excess revenues/ (expenses)	\$ (19,239)	\$ (583)	\$ (19,822)
Decrease / (Increase) in:			
Accounts receivable	2,472	-	2,472
Prepaid expenses	3,958	-	3,958
Increase / (Decrease) in:			
Accounts payable	(22,250)	-	(22,250)
Prepaid assessments	(1,677)	-	(1,677)
Miscellaneous payable	(26,926)	-	(26,926)
Deposits payable	39,600	-	39,600
NET CASH PROVIDED/ (USED) BY OPERATIONS	<u>(24,062)</u>	<u>(583)</u>	<u>(24,645)</u>
 CASH FLOW FROM FINANCING ACTIVITIES:			
Increase / (Decrease) in:			
Notes payable	67,330	-	67,330
Working capital contributions	-	600	600
Inter-fund transfers	7,100	(7,100)	-
NET CASH PROVIDED/ (USED) BY FINANCING	<u>74,430</u>	<u>(6,500)</u>	<u>67,930</u>
NET INCREASE/ (DECREASE) IN CASH	50,368	(7,083)	43,285
 CASH BALANCE, BEGINNING OF YEAR	<u>143,000</u>	<u>29,100</u>	<u>172,100</u>
CASH BALANCE, END OF YEAR	<u>\$ 193,368</u>	<u>\$ 22,017</u>	<u>\$ 215,385</u>
 SUPPLEMENTAL DISCLOSURE:			
Cash paid during the year for:			
Federal Income Tax	\$ -	\$ -	\$ -
Interest Expense	\$ 376	\$ -	\$ 376

See the accompanying Independent Auditors' Report
and the Footnotes to the Financial Statements.

CASCADES HOMEOWNERS ASSOCIATION, INC.
FOOTNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

FOOTNOTE 1: Cascades Homeowners Association, Inc. is a Texas non-profit corporation formed February 10, 2004. The purpose of the Association is to operate and maintain the Cascades homeowners project. The project consists of 321 single family residential lots, plus three commercial parcels, and associated common areas located in Tyler, Texas.

FOOTNOTE 2: In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 6, 2020, the date that the financial statements were available to be issued.

FOOTNOTE 3: The books and records for the Cascades Homeowners Association, Inc. are maintained on the accrual basis of accounting.

FUND ACCOUNTING: The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restriction 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.

CASH AND CASH EQUIVALENTS: For the purposes of these financial statements, cash and cash equivalents are deemed to be cash in bank checking, savings and money market accounts and time deposits with a maturity date of ninety days or less.

REVENUES: Revenues are accrued each year as the member assessments become due. Both the rate for members' assessments and the amount of any special assessments due are determined by the vote of the Board of Directors.

REPLACEMENT FUND ASSESSMENT REVENUES: The Association has applied ASC 605 revenue recognition whereby "rules based" specific guidance was defined for CIRAs rather than ASC 606 which provides "principles based" broad standards that do not include specific guidance for CIRAs.

See the accompanying Independent Auditors' Report.

CASCADES HOMEOWNERS ASSOCIATION, INC.
FOOTNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

FOOTNOTE 3: (CONTINUED):

Furthermore, Replacement Fund Assessments cannot apply the following four tests required under ASC 606: (1.) Assessments are not related to a “customer or customers” (2.) Assessments do not have a performance obligation (3.) There is no transaction price for replacement expenses (4.) Cannot allocate Assessments to a future performance obligation. As a result, we do not believe that the application of ASC 606 would fairly present the financial position to the CIRA financial readers.

EXPENDITURES: Expenditures are recognized when incurred, rather than when paid. Unbudgeted, non-emergency expenditures exceeding \$ 2,500 must be approved by the President, Treasurer, or other member of the Board. All other expenditures, projects and services are contracted for using competitive bidding policies. The Board of Directors has the final approval on all contracts.

ACCOUNTS RECEIVABLE: Assessments receivable at the balance sheet date represent fees due from unit owners. The Association’s policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are ninety days or more delinquent. The Association has a lien right against each unit until all dues or assessments are paid, such liens being subordinate to governmental and mortgage liens and legal fees associated with foreclosure proceedings. Any excess assessments at year end are retained by the Association for use in the succeeding year.

ALLOWANCE FOR DOUBTFUL ACCOUNTS: The allowance for doubtful accounts has been determined by the Association based on historical losses and by estimates based on current economic conditions. At December 31, 2019, the allowance for doubtful accounts of \$ 3,499 represents approximately 75 % of the total accounts receivable.

PROPERTY AND EQUIPMENT: The Association assumed, from the developer, the responsibility to maintain and preserve the common areas of the project. Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association’s financial statements because the Association cannot dispose of this property. The Association capitalizes personal property, if any, at cost and depreciates it using the straight-line method, over applicable useful lives.

See the accompanying Independent Auditors’ Report.

CASCADES HOMEOWNERS ASSOCIATION, INC.
FOOTNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

FOOTNOTE 3: (CONTINUED):

FEDERAL INCOME TAX: The Association must make an annual election to file its Federal Income Tax return either under the provisions of the Internal Revenue code dealing specifically with Homeowners Associations (Section 528) or (Section 277 Sub-Chapter A), dealing with corporations in general. Section 528 would impose a tax rate of 30 % to the extent of the Association's non-exempt function net income, primarily vending, rental and interest income. Alternatively, Section 277 Sub-Chapter A imposes a tax rate of 21 % on the Association's overall net income, if any.

As a result of the Association's operations for the year ended December 31, 2019, the Association has elected to file under Section 528. Income tax for the year was \$ -0-.

Currently, the open tax years available to audit by the IRS are 2017, 2018 and 2019. However, the Association has not been notified that any of these return years have been selected for audit by the IRS.

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

FOOTNOTE 4: COMMITMENTS: The Association enters into various contracts for management and accounting, lawn maintenance and other services. These contracts are generally for a term of one year and may generally be canceled by either party giving 30 days' notice.

FOOTNOTE 5: FAIR VALUE: The Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), moderate priority to a valuation based on quoted prices in active markets for similar assets and liabilities and/or based on assumptions that are observable (level 2 measurements), and the lowest priority to unobservable inputs (level 3 measurements).

See the accompanying Independent Auditors' Report.

CASCADES HOMEOWNERS ASSOCIATION, INC.
FOOTNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

FOOTNOTE 5: (CONTINUED):

The carrying amounts reflected in the December 31, 2019 balance sheet for cash and cash equivalents approximate the respective fair values. All cash and cash equivalents, including money market accounts, are held in banks. The Association currently has no money market accounts with non-federally insured institutions.

FOOTNOTE 6: ECONOMIC DEPENDENCY: As of December 31, 2019, the unsold developer lots were held in various partnership titles.

FOOTNOTE 7: REPLACEMENT FUND: The Association has not conducted a reserve study to determine the amount of future major repairs and replacements. The Association's governing documents require funds to be accumulated for future major repairs and replacements. For the year ended December 31, 2019, the Association added \$ 4,200, before earnings of \$ 75 to the replacement fund. Accumulated cash funds, which aggregate approximately \$ 22,017 at December 31, 2019, are held in separate accounts and are generally not available for operating purposes.

If replacement funds are not sufficient to fund future major repairs and replacements, the Association has the right to increase regular assessments or levy special assessments, or it may postpone needed repairs until funds are available.

(Intentionally Blank)

See the accompanying Independent Auditors' Report.