

**Meyerland Community Improvement Association  
(A Texas Non-Profit Corporation)**

**Financial Statements  
December 31, 2024**



# Crystal Chang CPA PC

CERTIFIED PUBLIC ACCOUNTANT

## Independent Auditor's Report

To the Board of Directors and Members  
**Meyerland Community Improvement Association**

### ***Opinion***

We have audited the accompanying financial statements of Meyerland Community Improvement Association (the "Association"), which comprise the balance sheet as of December 31, 2024, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Future Major Repairs and Replacements***

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 8 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

### ***Omission of Required Supplementary Information about Future Major Repairs and Replacements***

Management has omitted information about the estimated future costs of major repairs and replacements that 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.

*CRYSTAL CHANG, CPA*

Houston, Texas  
December 19, 2025

**Meyerland Community Improvement Association**  
**Balance Sheet**  
**December 31, 2024**

| <b>Assets</b>                                                             |                          |
|---------------------------------------------------------------------------|--------------------------|
| Cash and cash equivalents                                                 | \$ 498,256               |
| Certificates of deposit                                                   | 150,000                  |
| Assessments receivable, net of allowance<br>for credit losses of \$ 3,000 | 171,207                  |
| Other prepaid expense                                                     | 12,795                   |
| Land                                                                      | 161,518                  |
| <b>Total Assets</b>                                                       | <u><u>\$ 993,776</u></u> |
| <b>Liabilities and Fund Balance</b>                                       |                          |
| Accounts payable and accrued expense                                      | \$ 127,759               |
| Assessment received in advance                                            | 232,469                  |
| Escrow fund                                                               | 7,393                    |
| Total Liabilities                                                         | <u>367,621</u>           |
| Fund Balance                                                              | <u>626,155</u>           |
| <b>Total Liabilities and Fund balance</b>                                 | <u><u>\$ 993,776</u></u> |

See accompanying notes to financial statements.

**Meyerland Community Improvement Association**  
**Statement of Revenues, Expenses and Changes in Fund Balances**  
**For the Years Ended December 31, 2024**

**Revenues**

|                         |                  |
|-------------------------|------------------|
| Maintenance assessments | \$ 654,880       |
| Security assessments    | 659,576          |
| Miscellaneous income    | 193,094          |
| Transfer fee            | 23,050           |
| Interest income         | 39,527           |
| <b>Total Revenues</b>   | <u>1,570,127</u> |

**Expenses**

|                       |                  |
|-----------------------|------------------|
| Security              | 662,619          |
| Payroll               | 342,416          |
| Landscaping           | 308,424          |
| Professional fees     | 151,148          |
| Insurance             | 72,798           |
| Office expense        | 63,486           |
| MCIA events           | 26,788           |
| Utility               | 9,830            |
| Building expense      | 7,199            |
| Other expense         | 1,708            |
| Bad debt              | 911              |
| <b>Total Expenses</b> | <u>1,647,327</u> |

**Excess (deficit) of**

|                               |          |
|-------------------------------|----------|
| <b>Revenues over Expenses</b> | (77,200) |
|-------------------------------|----------|

**Fund Balance**

|                         |                   |
|-------------------------|-------------------|
| Beginning of year       | 755,097           |
| Prior period adjustment | (51,742)          |
| Ending of year          | <u>\$ 626,155</u> |

See accompanying notes to financial statements.

**Meyerland Community Improvement Association**  
**Statement of Cash Flows**  
**For the Years ended December 31, 2024**

**Cash Flows From Operating Activities**

|                                                                                                                             |               |
|-----------------------------------------------------------------------------------------------------------------------------|---------------|
| Excess of revenues over expenses                                                                                            | \$ (77,200)   |
| Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities: |               |
| Bad debt                                                                                                                    | 911           |
| (Increase) decrease in:                                                                                                     |               |
| Assessments receivable                                                                                                      | (91,478)      |
| Other receivable                                                                                                            | 1,055         |
| Prepaid security expense                                                                                                    | 54,320        |
| Other prepaid expense                                                                                                       | (2,300)       |
| Increase (decrease) in:                                                                                                     |               |
| Accounts payable                                                                                                            | 54,808        |
| Assessments received in advance                                                                                             | 149,865       |
| Net cash provided (used) by operating activities                                                                            | <u>89,981</u> |

**Cash Flows From Investing Activities**

|                                                  |                |
|--------------------------------------------------|----------------|
| Certificates of deposit                          | <u>390,000</u> |
| Net cash provided (used) by investing activities | <u>390,000</u> |

**Cash Flows From Financing Activities**

|                                                  |                 |
|--------------------------------------------------|-----------------|
| Prior Period Adjustment                          | <u>(51,742)</u> |
| Net cash provided (used) by financing activities | <u>(51,742)</u> |

Net increase in cash and cash equivalents 428,239

|                                              |                   |
|----------------------------------------------|-------------------|
| Cash and cash equivalents, beginning of year | <u>70,017</u>     |
| Cash and cash equivalents, end of year       | <u>\$ 498,256</u> |

**Supplemental Disclosures:**

|                 |      |
|-----------------|------|
| Income Tax Paid | \$ - |
| Interest Paid   | \$ - |

See accompanying notes to financial statements.

**Meyerland Community Improvement Association**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note 1 - Organization**

Meyerland Community Improvement Association (the Association) is a Texas non-profit corporation incorporated in September 1954 for the purpose of providing for maintenance, preservation and architectural control of the properties that may be brought within the jurisdiction of the Association. The Association is comprised of 2,306 residential units in the Houston, Texas

**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 December 19, 2025 the date the financial statements were available to be issued.

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

**Fund Accounting**

The Association maintains an Operating Fund. The operating Fund is used for the payment of current operating expenses including normal maintenance of common areas.

**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 and Cash Equivalents**

Cash includes cash and cash equivalents, defined as liquid investments with maturities of three months or less. The Association maintains its cash balances in financial institutions secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2024, all cash balances were insured by the FDIC.

**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(s). Assessments received in advance is a deferred revenue account, and these advance payments are retained by the Association and amortized over the period which these payments relate.

**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 financial instruments approximate their fair values based on their short-term nature.

**Meyerland Community Improvement Association**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note 3 - Summary of Significant Accounting Policies (Continued)**

**Member Assessments**

Association members are subject to assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment 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 replacement fund assessments are satisfied when these funds are expended for their designated purpose.

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 retain legal counsel and place liens on the properties of owners, at the discretion of the Board of Directors. The balances of assessments receivable as of the beginning and end of the year are \$83,640 and \$174,207, respectively.

The Association treats uncollectible assessments as credit losses. The Association evaluates the collectability of assessments receivable based on current conditions, past experience, and forecasts of future events. Based on these factors, the allowance for credit losses at the beginning and end of year are \$3,000 and \$3,000, respectively.

**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. At December 31, 2024, the Association has not capitalized such property.

**Contract Liabilities (Assessments received in advance – replacement fund)**

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$ -0- and \$ -0-, respectively.

**Note 4 - Fixed Assets**

The Association is responsible for preserving and maintaining the common area properties. Major classifications of property and equipment and their respective lives are summarized below.

**Meyerland Community Improvement Association**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note 4 - Fixed Assets (continued)**

| Description                  | Cost              | Method        |
|------------------------------|-------------------|---------------|
| Office Building and Property | \$ 51,221         | SL - 5-10 yrs |
| Machines and Equipment       | 12,453            | SL - 5 yrs    |
|                              | <u>63,674</u>     |               |
| Accumulated Depreciation     | <u>(63,674)</u>   |               |
|                              | <u>\$ -</u>       |               |
| <u>Association land</u>      |                   |               |
| .5716 acres of land          | \$ 151,518        | N/A           |
| Easement for noise wall      | 10,000            | N/A           |
|                              | <u>\$ 161,518</u> |               |

**Note 5 - Federal Income Tax**

The Association has a ruling for tax-exempt status from the Internal Revenue Service and is therefore a non-taxable entity for federal income tax purposes under section 501(c) (4).

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 returns. The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for year 2022, 2023 and 2024 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 6 - 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 501(c) (4).

**Note 7 - Escrow Fund**

The escrow fund was created as a result of the Association's agreement to subordinate its lien securing payment of the annual maintenance assessment against property purchased by loans which are insured by the FHA, VA and FNMA. For granting the subordination, the property owner deposits with the Association a sum of money to be held in escrow. A portion of that sum plus the interest earned on the balance of the deposit shall be applied as a credit (payment) to the future annual maintenance assessments against such property. If the amount earned on a deposit exceeds the amount of the annual maintenance assessment in any given year, the Association has the right to retain such excess as reimbursement of cost and expense of administration and accounting for the deposit and as future consideration for granting the subordination of lien. The escrow agreement provides for circumstances whereby additional deposits may be required from a property owner and whereby a return of the unused deposit may be made to a property owner.

**Meyerland Community Improvement Association**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note 8 – 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 Directors. The purpose of the annual assessment is to (1) provide the working capital necessary to meet the Association's annual operating expenses and (2) maintain a reserve for repair and replacement of the general common elements of the Association.

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments in accordance with the Consumer Price Index based on a 1979 basis, or delay major repairs and replacements until funds are available. The effect on the future assessments has not been determined at this time.

**Note 9 – Prior Period Adjustment**

The prior period adjustment is related to security services expense.

**Note 10 - Litigation**

The Association is party to various legal actions normally associated with homeowner associations, such as collection of delinquent assessments, covenant compliance and other matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

**Note 111 – 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.