Sienna Plantation Property Owners' Association, Inc.
(A Texas Non-Profit Corporation)

Financial Statements

December 31, 2025

Canady & Canady
Certified Public Accountants
4801 Woodway Dr. Suite 295-E | Houston, Texas 77056 | 713.783.1021 | A Limited Liability Company

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sienna Plantation Property Owners' Association, Inc.

Opinion

We have audited the accompanying financial statements of Sienna Plantation Property Owners' Association, Inc., which comprise the balance sheet as of December 31, 2025, 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, 2025, 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 relating to our audit. 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 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 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 it 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 aggregate, they would influence the judgment made by a reasonable user based on 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 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.

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 Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Supplementary Information on Future Major Repairs and Replacements on page 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Canady & Canady LLC

Houston, Texas

June 26, 2026

Sienna Plantation Property Owners' Association, Inc.
Balance Sheet
December 31, 2025

	Operating Fund	Reserve Fund	Restricted Fund	Total
Assets				
Cash and cash equivalents	$ 1,084,757	$ 777,328	$ -	$ 1,862,085
Certificates of deposit	222,990	222,990	-	445,980
Assessments receivable, net allowance for doubtful accounts of $35,662	96,651	-	-	96,651
Accounts receivable, due from affiliates	-	-	-	-
Accounts receivable - other	16,024	12,336	-	28,360
Prepaid expenses	12,931	-	-	12,931
Due from operating fund	-	630,876	111,155	742,031
Total Assets	$ 1,433,353	$ 1,643,530	$ 111,155	$ 3,188,038
Liabilities and Fund Balances				
Accounts payable	$ 38,076	$ 64,855	$ -	$ 102,931
Assessments received in advance	159,580	-	-	159,580
Accounts payable - due to affiliates	1,430	-	-	1,430
Construction and rental deposits	79,112	-	-	79,112
Due to reserve/restricted fund	742,031	-	-	742,031
Total Liabilities	1,020,229	64,855	-	1,085,084
Fund Balances	413,124	1,578,675	111,155	2,102,954
Total Liabilities and Fund Balances	$ 1,433,353	$ 1,643,530	$ 111,155	$ 3,188,038

See accompanying notes to financial statements

Sienna Plantation Property Owners' Association, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balances
For the Year Ended December 31, 2025

Revenues	Operating Fund	Reserve Fund	Restricted Fund	Total
Assessments	$2,495,335	$ -	$ -	$2,495,335
MUD reimbursements	364,233	129,401	-	493,634
Legal and admin billback	121,551	-	-	121,551
Grant income	104,163	-	-	104,163
Interest income	26,143	11,077	-	37,220
Late fees and interest	10,045	-	-	10,045
Other income	40,690	-	-	40,690
Total Revenues	3,162,160	140,478	-	3,302,638
Expenses				
Landscaping	1,376,814	-	-	1,376,814
Repairs and maintenance	197,312	-	-	197,312
Management fees	459,301	-	-	459,301
Capital expenditures	-	438,649	-	438,649
Office and administrative	286,649	-	-	286,649
Grant expenses	104,163	-	81,516	185,679
Utilities	113,062	-	-	113,062
Patrol services	91,770	-	-	91,770
Insurance	40,343	-	-	40,343
Legal and professional	65,293	-	-	65,293
Bad debt	35,662	-	-	35,662
Lakes	19,533	-	-	19,533
Taxes - property	272	-	-	272
Total Expenses	2,790,174	438,649	81,516	3,310,339
Excess (Deficit) of Revenues over Expenses	371,986	(298,171)	(81,516)	(7,701)
Fund Balances				
Beginning of year	291,138	1,519,132	93,812	1,904,082
Reserve allocation transfer	(250,000)	250,000	-	-
Capitalization fees	-	107,714	98,859	206,573
End of year	$ 413,124	$1,578,675	$111,155	$2,102,954

See accompanying notes to financial statements

Sienna Plantation Property Owners' Association, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2025

	Operating Fund	Reserve Fund	Restricted Fund	Total
Cash Flows From Operating Activities				
Excess (deficit) of revenues over expenses	$ 371,986	$ (298,171)	$ (81,516)	$ (7,701)
Adjustments to reconcile (deficit) excess of revenues over expenses to net cash provided (used) by operating activities:				
Decrease (increase) in:				
Assessments receivable, net allowance		0		
for doubtful accounts of $35,662	2,962	-	-	2,962
Accounts receivable - other	13,454	(12,190)	-	1,264
Prepaid expenses	1,553	-	-	1,553
(Decrease) increase in:				
Accounts payable	(310,129)	57,049	-	(253,080)
Assessments received in advance	26,186	-	-	26,186
Accounts payable - due to affiliates	(106,384)	-	-	(106,384)
Construction and pool deposits	(32,432)	-	-	(32,432)
Net cash (used) by operating activities	(32,804)	(241,845)	(81,516)	(367,632)
Cash Flows From Investing Activities				
Certificates of deposit	(9,064)	(9,064)	-	(18,128)
Net cash (used) by investing activities	(9,064)	(9,064)	-	(18,128)
Cash Flows From Financing Activities				
Inter-fund balance transfers	(4,851)	22,194	(17,343)	-
Reserve allocation transfer	(250,000)	250,000	-	-
Working capital	-	107,714	98,859	206,573
Net cash (used) provided by financing activities	(254,851)	379,908	81,516	206,573
Net (decrease) increase in cash and cash equivalents	(296,719)	117,531	-	(179,187)
Cash and Cash Equivalents				
Beginning of year	1,381,476	659,796	-	2,041,272
End of year	$ 1,084,757	$ 777,327	$ -	$ 1,862,085

See accompanying notes to financial statements

Sienna Plantation Property Owners' Association, Inc.
Notes to Financial Statements

Note 1 - Organization

Sienna Plantation Property Owners' Association, Inc. (the "Association") is a Texas non-profit corporation incorporated on October 9, 1996, for the purpose of providing for the maintenance, preservation, and architectural control of the common elements of the Association. The Association is in the master planned development of Sienna. As of December 31, 2025, the Association is comprised of 7,806 residential lots and 124 commercial properties located on approximately 10,500 acres of land in Fort Bend County, Texas. The Association maintains Sienna Parkway, the main boulevard that runs through Sienna Plantation and Sienna Ranch Road.

There are two classes of membership. Class "A" members are the other Sienna homeowner associations and owners of non-residential tracts. Each homeowner association (acting through its president or other designated officer) has one vote for each lot in the properties within the jurisdiction of the homeowners' association. Each non-exempt owner of a non-residential tract is entitled to the number of votes per equivalent unit, which is calculated by using both acreage and the total square footage owned. Class "B" membership is composed of lots owned by the declarant (developer) who is not entitled to vote but has director appointment authority as well as the right to disapprove actions of the board or committees. The affairs of the Association are managed by a Board of Directors where two of three members are employees.

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 June 26, 2026, the date the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies

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 three funds classified for accounting and reporting purposes according to their nature and purpose, as follows:

> Operating Fund - This category is used to account for financial resources for the general operations of the Association.
>
> Reserve Fund - This category is used to accumulate financial resources designated for future major repairs and replacements
>
> Restricted Fund - This fund is used to accumulate financial resources originating as an assessment on the purchase of a tract of land within the Association's properties and each resale property. The assessment is to be used for the benefit and welfare of the Association, at the discretion of the Association for initiatives consistent with the purpose of the fund as defined in Association governing documents.

Note 3 - Summary of Significant Accounting Policies (continued)

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 highly liquid investments with maturities of three months or less. The Association maintains its cash balance in financial institutions which are members of the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2025, the Association had $250,021 of the cash balances uninsured by FDIC. The Association maintains its cash balances in insured cash sweep accounts (ICS) for FDIC insurance protection. The Association has not experienced any losses in its cash accounts and does not believe it is exposed to a significant risk in cash and cash equivalents.

Assessments
Association members are subject to annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. The Association's policy is to actively pursue collection of assessments. Assessments receivable on the balance sheet date represent delinquent assessments. Assessments received in advance represent prepayments by members. Any excess assessments at year end are retained by the Association for use in future years.

The Declarant may annually elect either to pay the assessments on its property or pay the difference between the amount of assessments collected on all other property that is subject to assessments and the amount of actual expense incurred to operate the Association during the fiscal year. The Declarant has elected to pay the deficit shortfall in lieu of paying assessments.

A portion of assessments collected by Sienna Plantation Residential Association, Inc. (SPRAI) is payable to the Association. The Association collects the full amount as the assessments are received during the year. The amounts collected during 2025 were at a rate of $219 per equivalent unit per Lot. Churches and other public properties are not subject to assessments.

Reserve Fund Assessments
A portion of member assessments is designated for the reserve fund to provide for future major repairs and replacements of common property. The Association considers these reserve fund assessments to be consideration for its ongoing obligation to hold and manage those funds for their intended purpose and to stand ready to undertake future reserve activities as the needs of the community arise. Accordingly, reserve fund assessments are recognized as revenue over the period to which the assessments relate, rather than deferred until specific reserve expenditures are incurred. Amounts accumulated in the reserve fund are maintained for future major repairs and replacements in accordance with the Association's governing documents and are generally not available for operating purposes.

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

Note 3 - Summary of Significant Accounting Policies (continued)

Capitalization Fee
Upon the purchase of a new home, at the time of closing, a one-time Capitalization fee equal to 1 (one) year of the annual assessment of $219 per equivalent unit per Lot will be paid to the Association's reserve fund. The Capitalization fees will not be considered as advance payment towards the Association's annual assessments.

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, and accounts payable. The recorded values of the financial instruments are approximately equal to their fair values based on their short-term nature.

Note 4 - Assessments Receivable

Assessments receivable from the association members consist of assessments billed prior to December 31, 2025. Accounts are deemed delinquent when payment is not received within 30 days of billing. Accounts are charged to operations when they are deemed uncollectible based upon periodic reviews of aging and collections. As of December 31, 2025, an allowance for doubtful accounts of $35,662 was deemed necessary.

Note 5 - Federal Income Tax

The Association is exempt from federal income tax under the provisions of section 501(c) (4) of the Internal Revenue Code.

The Association adopted the accounting for uncertainty for income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax return. An entity's status, including its status as a tax exempt not for profit entity, is included in the definition of a tax position. The Association's tax filings are subject to audit. The Association's federal income tax returns for 2023, 2024, and 2025 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 the Texas franchise tax as specified under Section 171.082 of the Texas Tax Code as a homeowners' association. The Association is exempt from state sales tax as a qualifying 501(c) (4) Association.

Note 7- Related Party Transactions

The Association receives annual assessments from Sienna Plantation Residential Association, Inc. (SPRAI) per lot in the amount of $219. For the year ended December 31, 2025, the Association received $1,729,443 from SPRAI.

The Association is included in a shared amenities and cost allocation agreement with Sienna Plantation Residential Association, Inc. (SPRAI) and Sienna Plantation Community Association, Inc. (SPCAI). Under this agreement, SPRAI operates, manages, administers, and maintains the shared amenities. In accordance with the agreement, for the year ended December 31, 2025, the Association paid $459,301 to SPRAI for these services.

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; the amount paid under this agreement totaled $113,688 for 2025. The Association also pays administrative and community standards staff reimbursement to SPRAI; the fees for those services in 2025 totaled $133,914.

In the normal course of operations, certain expenses are paid by other Sienna Plantation entities. The other entities reimburse the paying entity for their allocated portions of the expense. As of December 31, 2025, the Association held accounts receivable of $161,418 due from SPRAI. The Association held accounts payable due to SPRAI of $162,848. As of December 31, 2025, this resulted in a net payable of $1,430.

Note 8 - Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. The board is funding for major repairs and replacements over the remaining useful lives of the components based on a study providing estimates of current replacements costs and considering amounts previously accumulated in the replacement fund. These funds are held in separate accounts and are generally not available for operating purposes.

Funds are being accumulated in the replacement fund based on estimated future costs of repairs and replacements. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to homeowners' approval, to increase regular assessments, pass additional special assessments, or delay major repairs and replacements until funds are available.

Note 9 - Declarant Control

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

Note 10 - 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.

Sienna Plantation Property Owners' Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
(Unaudited)

An outside consulting company conducted a study in October 2024 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated future costs to repair or replace the common property components at the date of the study, assuming an inflation factor of 2.5% and a ROI of 1.5%. The following information is based on the study and presents significant information about the components of common property.

As of December 31, 2025, $1,572,675 was allocated to the reserve fund (designated equity).

General Reserve Component Inventory	Remaining Useful Life (Years)	Future Replacement Cost (30 Years)
General	1 to 19	$ 11,133,262
Walls, Fences, Rails	1 to 22	10,272,156
Private Roads, Steep Bank Trace	1 to 22	123,448
Private Roads, Bee's Loop	2 to 6	473,426
Private Roads, Sienna Ranch Circle	4 to 12	134,632
Total		**$ 22,136,924**