

**Tara Master Association, Inc
Bradenton, Florida**

**Financial Statements
December 31, 2009**

CAVANAUGH & CO.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tara Master Association, Inc

We have audited the accompanying balance sheet of Tara Master Association, Inc as of December 31, 2009, and the related statements of revenues and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2008 financial statements, and in our report dated March 19, 2009 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tara Master Association, Inc. as of December 31, 2009, 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.

As discussed in Note 2, the Association has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements.

Sarasota, Florida
March 30, 2010



Tara Master Association, Inc
Bradenton, Florida

Balance Sheet
December 31, 2009

ASSETS

	2009			2008 Total (For Comparative Purposes Only)
	Operating Fund	Replacement Fund	Total	
Assets:				
Cash and cash equivalents	\$ 759,788	222,170	981,958	1,258,856
Assessments receivable, net of allowance of \$46,178	57,860	-	57,860	27,534
Prepaid expenses	8,388	-	8,388	8,197
Accrued interest	-	-	-	72
Income tax receivable	2,494	-	2,494	-
Due (to) from other fund	(90,947)	90,947	-	-
Deposits	490	-	490	12,798
Total assets	\$ 738,073	313,117	1,051,190	1,307,457

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	\$ 165,168	-	165,168	159,657
Prepaid assessments	472,122	-	472,122	754,619
Income tax payable	-	-	-	1,009
Total liabilities	637,290	-	637,290	915,285
Fund balances	100,783	313,117	413,900	392,172
Total liabilities and fund balances	\$ 738,073	313,117	1,051,190	1,307,457

See accompanying notes to financial statements.

Tara Master Association, Inc
 Bradenton, Florida

Statement of Revenues and Expenses
 Year Ended December 31, 2009

	2009			2008 Total
	Operating <u>Fund</u>	Replacement <u>Fund</u>	<u>Total</u>	(For Comparative Purposes Only)
Revenues:				
Member assessments	\$ 321,547	-	321,547	303,171
Cable assessments	650,723	-	650,723	619,748
Interest	1,640	850	2,490	24,619
Other	22,723	-	22,723	16,863
Total revenues	996,633	850	997,483	964,401
Expenses:				
Cable television	649,711	-	649,711	616,640
Lawn service	98,819	-	98,819	118,408
Plant and landscape	13,480	-	13,480	5,631
Management fees	75,021	-	75,021	73,045
Repairs and maintenance	4,606	-	4,606	7,247
Street maintenance	1,595	-	1,595	2,655
Office supplies	4,294	-	4,294	5,604
Electric	15,609	-	15,609	15,135
Insurance	9,356	-	9,356	7,777
Legal	4,814	-	4,814	9,946
Accounting	5,532	-	5,532	5,250
Website/newsletter	2,081	-	2,081	2,176
Mailings and election	8,921	-	8,921	13,806
Record storage	1,159	-	1,159	1,159
Bad debt	30,000	-	30,000	28,956
Miscellaneous	882	-	882	502
Entrance sign	-	49,875	49,875	-
Income taxes	-	-	-	5,013
Total expenses	925,880	49,875	975,755	918,950
Excess (deficit) of revenues over expenses	\$ 70,753	(49,025)	21,728	45,451

See accompanying notes to financial statements.

Tara Master Association, Inc
 Bradenton, Florida

Statement of Changes in Fund Balances
 Year Ended December 31, 2009

	2009			2008 Total
	Operating Fund	Replacement Fund	Total	(For Comparative Purposes Only)
Balances - beginning of year	\$ 120,686	271,486	392,172	346,721
Excess (deficit) of revenues over expenses	70,753	(49,025)	21,728	45,451
Transfer	<u>(90,656)</u>	<u>90,656</u>	<u>-</u>	<u>-</u>
Balances - end of year	<u>\$ 100,783</u>	<u>313,117</u>	<u>413,900</u>	<u>392,172</u>

See accompanying notes to financial statements.

Tara Master Association, Inc
Bradenton, Florida

Statement of Cash Flows
Year Ended December 31, 2009

	2009			2008 Total
	Operating Fund	Replacement Fund	Total	(For Comparative Purposes Only)
Cash flows from operating activities:				
Member assessments collected	\$ 640,803	-	640,803	988,796
Interest received	1,640	922	2,562	26,662
Other income received	22,723	-	22,723	16,863
Cash paid for operating expenses	(810,969)	(140,822)	(951,791)	(877,630)
Income taxes paid	(3,503)	-	(3,503)	(5,690)
	<u>(149,306)</u>	<u>(139,900)</u>	<u>(289,206)</u>	<u>149,001</u>
Cash flows from investing activities:				
Deposits	12,308	-	12,308	(12,308)
Proceeds from sale of certificates of deposit	-	-	-	342,607
	<u>12,308</u>	<u>-</u>	<u>12,308</u>	<u>330,299</u>
Transfer	<u>(90,656)</u>	<u>90,656</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	(227,654)	(49,244)	(276,898)	479,300
Cash and cash equivalents at beginning of year	<u>987,442</u>	<u>271,414</u>	<u>1,258,856</u>	<u>779,556</u>
Cash and cash equivalents at end of year	<u>\$ 759,788</u>	<u>222,170</u>	<u>981,958</u>	<u>1,258,856</u>
Reconciliation of excess (deficit) of revenues over expenses				
to cash provided (used) by operating activities:				
Excess (deficit) of revenues over expenses	\$ 70,753	(49,025)	21,728	45,451
Adjustments to reconcile excess (deficit)				
of revenues over expenses to cash				
provided (used) by operating activities:				
Bad debt expense	18,644	-	18,644	28,956
(Increase) decrease in:				
Assessments receivable	(48,970)	-	(48,970)	(43,132)
Prepaid expenses	(191)	-	(191)	(1,435)
Accrued interest	-	72	72	2,043
Income tax receivable	(2,494)	-	(2,494)	-
Due (to) from other fund	90,947	(90,947)	-	-
Increase (decrease) in:				
Accounts payable	5,511	-	5,511	8,786
Prepaid assessments	(282,497)	-	(282,497)	109,009
Income tax payable	(1,009)	-	(1,009)	(677)
Total adjustments	<u>(220,059)</u>	<u>(90,875)</u>	<u>(310,934)</u>	<u>103,550</u>
Cash provided (used) by operating activities	<u>\$ (149,306)</u>	<u>(139,900)</u>	<u>(289,206)</u>	<u>149,001</u>

See accompanying notes to financial statements.

Tara Master Association, Inc
Bradenton, Florida

Notes to Financial Statements
December 31, 2009

Note 1 –Organization and Summary of Significant Accounting Policies

Organization

Tara Master Association, Inc. (the "Association") was incorporated under the laws of the State of Florida on November 14, 1988. The purpose of the Association is to provide for the maintenance and preservation of the common property of the Master Community. The Master Community consists of 2,065 residential units of Tara and Tara Preserve, located in Manatee County Florida.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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.

Regular Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. 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 thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Tara Master Association, Inc
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Notes to Financial Statements-Continued
December 31, 2009

Note 1 –Organization and Summary of Significant Accounting Policies - Continued

Cable Assessments

The Association also collects assessments for cable television for all improved lots within the Master Community. The Association maintains a bulk service agreement to currently provide “basic service” for cable television to the Master Community with the local cable service provider.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Association considers all money market funds and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Risk Concentration

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. These accounts are secured by the federal Deposit Insurance Corporation up to \$250,000. The Association also holds funds in accounts that are protected under the Securities Investor Protection Corporation (SIPC) up to \$500,000, including up to \$100,000 for cash. Funds may exceed protection limits. The Association has not experienced any losses on such accounts. Management believes that credit risk related to these deposits is minimal.

Income Taxes

The Association filed its income tax return as a homeowners' association in accordance with Internal Revenue Code Section 528 for the year ended December 31, 2009. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its nonexempt function income, which includes interest income and revenue received from nonmembers. Income tax expense was \$0 for 2009.

Common Property

The Association's policy is to not capitalize and depreciate the commonly owned real property as ownership is vested directly or indirectly in the unit owners and these assets are not deemed to be severable.

Prepaid Maintenance Assessments and Fees

The Association began billing fees for the subsequent year prior to the end of the current year. Amounts received from members for the subsequent year's maintenance assessments are presented as prepaid assessments on the balance sheet at December 31, 2009

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Notes to Financial Statements-Continued
December 31, 2009

Note 2 – Future Major Repairs and Replacements

Florida Statutes do not require that the Association set aside funds for future major repairs and replacements although management has elected to designate monies to be used for this purpose. Accumulated funds are accounted for separately and generally are not available for expenditures for normal operations.

The Association has not yet conducted a formal survey or estimate of the remaining useful lives of, or the replacement costs of, the common property components. Therefore, the 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 to increase regular assessments, levy special assessments, or it may delay major repairs and replacements until funds are available.

Note 3 – Related Party Transactions

The Association entered into an agreement with Tara Golf & Country Club, Inc. to provide management services for an annual fee of \$75,021 during 2009.

Note 4 – Commitments

On May 22, 2008, the Association entered into a five (5) year contract with Comcast to provide services to the unit owners. The contract was effective June 1, 2008. The price for each of the 2,065 units is \$23.42 per month plus applicable taxes and fees.

Future minimum payments, excluding taxes and fees, under the commitment as of December 31, 2009 are:

2010	\$580,348
2011	580,348
2012	580,348
2013	193,449
Thereafter	-
Total	<u>\$1,934,493</u>

Note 5 – Subsequent Events:

Subsequent events have been evaluated through March 30, 2010, which is the date the financial statements were available to be issued.