

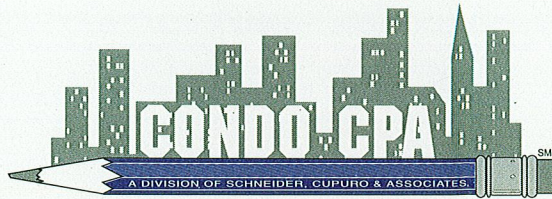
**TARA MASTER ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2010**

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Board of Directors  
Tara Master Association, Inc.  
Bradenton, Florida

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying Balance Sheet of the Tara Master Association, Inc. as of December 31, 2010 and the related statement of revenues, expenses and changes in fund balances and statement of 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.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2010, 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 4, the Association has not estimated the remaining lives and replacement costs of the common property and, therefore, management has omitted the supplementary information about future 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.

*Condo CPA*  
*Condo CPA*

(A division of *Schneider, Cupuro & Associates*)  
Certified Public Accountants

Bradenton, Florida  
March 8, 2011

TARA MASTER ASSOCIATION, INC.  
**BALANCE SHEET**  
 DECEMBER 31, 2010

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 805,681	\$ -	\$ 805,681
Certificates of Deposit	-	313,510	313,510
Assessments Receivable - Net of Allowance for Doubtful Accounts of \$65,574	36,202	-	36,202
Prepaid Expenses	8,193	-	8,193
Accrued Interest Receivable	-	229	229
Due (to) from Other Fund	3,763	(3,763)	-
Deposits	608	-	608
	\$ 854,447	\$ 309,976	\$ 1,164,423
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 173,044	\$ -	\$ 173,044
Prepaid Assessments	533,600	-	533,600
	706,644	-	706,644
<b>TOTAL LIABILITIES</b>			
<b>FUND BALANCES</b>	147,803	309,976	457,779
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 854,447	\$ 309,976	\$ 1,164,423

The accompanying notes are an integral part of these financial statements.

TARA MASTER ASSOCIATION, INC.  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**  
YEAR ENDED DECEMBER 31, 2010

	<b>OPERATING FUND</b>	<b>REPLACEMENT FUND</b>	<b>TOTAL</b>
<b>REVENUES</b>			
Member Assessments	\$ 336,586	\$ -	\$ 336,586
Cable Assessments	683,260	-	683,260
Interest Income	471	622	1,093
Other Income	<u>34,105</u>	<u>-</u>	<u>34,105</u>
<b>TOTAL REVENUES</b>	<u>1,054,422</u>	<u>622</u>	<u>1,055,044</u>
<b>EXPENSES</b>			
Cable TV Expense	674,569	-	674,569
Plants & Landscape	17,485	-	17,485
Repairs/Maintenance	8,686	-	8,686
Record Storage	1,159	-	1,159
Website/Newsletter	2,205	-	2,205
Legal Fees	7,086	-	7,086
Uncollectable Accts	50,000	-	50,000
Management Fees	76,129	-	76,129
Insurance	9,707	-	9,707
Accounting	5,520	-	5,520
Mailings & Election	8,433	-	8,433
Office Expense	5,863	-	5,863
Electric	13,276	-	13,276
Street Maintenance	964	-	964
Lawn Service	105,194	-	105,194
Water & Sewer	1,126	-	1,126
12 Oaks Advisory Committee Expenses - Note 7	<u>-</u>	<u>23,763</u>	<u>23,763</u>
<b>TOTAL EXPENSES</b>	<u>987,402</u>	<u>23,763</u>	<u>1,011,165</u>
<b>EXCESS REVENUES/(EXPENSES)</b>	67,020	(23,141)	43,879
<b>FUND BALANCES - BEGINNING OF YEAR</b>	100,783	313,117	413,900
<b>TRANSFERS</b>	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 147,803</u>	<u>\$ 309,976</u>	<u>\$ 457,779</u>

The accompanying notes are an integral part of these financial statements.

TARA MASTER ASSOCIATION, INC.  
**STATEMENT OF CASH FLOWS**  
YEAR ENDED DECEMBER 31, 2010

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Member Assessments Collected	1,052,982	-	1,052,982
Interest Income	471	393	864
Other Income	34,105	-	34,105
Income Tax Refund	2,494	-	2,494
Cash Paid for Operating Expenses	<u>(929,331)</u>	<u>(23,763)</u>	<u>(953,094)</u>
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>160,721</u>	<u>(23,370)</u>	<u>137,351</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Deposits	(118)	-	(118)
Purchase of Certificates of Deposit	<u>-</u>	<u>(313,510)</u>	<u>(313,510)</u>
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(118)</u>	<u>(313,510)</u>	<u>(313,628)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interfund Transfers	<u>(114,710)</u>	<u>114,710</u>	<u>-</u>
<b>CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(114,710)</u>	<u>114,710</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	45,893	(222,170)	(176,277)
<b>CASH - BEGINNING OF YEAR</b>	<u>759,788</u>	<u>222,170</u>	<u>981,958</u>
<b>CASH - END OF YEAR</b>	<u>\$ 805,681</u>	<u>\$ -</u>	<u>\$ 805,681</u>
<b>RECONCILIATION OF EXCESS OF REVENUES/(EXPENSES) TO CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Excess of Revenues/(Expenses)	\$ 67,020	\$ (23,141)	\$ 43,879
<b>ADJUSTMENTS TO RECONCILE EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Provision for Uncollectible Accounts	19,396	-	19,396
<b>(INCREASE) DECREASE IN:</b>			
Accounts Receivable - Unit Owners	2,262	-	2,262
Prepaid Expenses	195	-	195
Accrued Interest Receivable	-	(229)	(229)
Income Tax Receivable	2,494	-	2,494
Due (to) from Other Fund	-	-	-
<b>INCREASE (DECREASE) IN:</b>			
Accounts Payable	7,876	-	7,876
Prepaid Assessments	<u>61,478</u>	<u>-</u>	<u>61,478</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>160,721</u>	<u>(23,370)</u>	<u>137,351</u>

The accompanying notes are an integral part of these financial statements.

TARA MASTER ASSOCIATION, INC.  
Notes to Financial Statements  
December 31, 2010

**NOTE 1 - NATURE OF ORGANIZATION**

Tara Master Association, Inc. 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 2068 residential units of Tara and Tara Preserve, located in Manatee County, Florida.

**NOTE 2 - 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 its accounts using fund accounting on the accrual basis. 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 Reserve Fund. This fund is used to accumulate financial resources designated for future major repairs and replacements.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Association considers all demand deposit accounts, money market accounts, and highly liquid investments with a maturity of three months or less to be cash equivalents.

**Common Property**

The Association's policy is not to 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.

**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.

**Interest Income**

Interest income is recorded in the fund where it is earned.

TARA MASTER ASSOCIATION, INC.  
Notes to Financial Statements  
December 31, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Regular Assessments**

The Association bills assessments on an annual basis to provide for the Association's operating expenses, future capital acquisitions and major repairs and replacements. The income and expenses are allocated to unit owners based on the number of units. 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. At December 31, 2010, the Association had delinquent assessments of \$101,776. It is estimated that \$65,574 of these assessments will not be collectible by the Association and accordingly an allowance for uncollectible accounts has been established in that amount.

**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.

**Prepaid Maintenance Assessments and Fees**

The Association bills 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, 2010.

**Risk Concentration**

The Association maintains its cash in bank accounts which, at times, may exceed federally insured limits. These accounts are secured by the Federal Deposit Insurance Corporation up to \$250,000 (with temporary unlimited coverage for noninterest-bearing transaction accounts from December 31, 2010 through December 31, 2012). The Association has not experienced any losses on such accounts. Management believes that credit risk related to these deposits is minimal.

**NOTE 3 - INCOME TAXES**

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. The Tara Master Association, Inc. has adopted tax-exempt status under Section 528 of the Internal Revenue Code for the year ended December 31, 2010. 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 a rate of 30% on its nonexempt function income (which includes interest income and revenue received from non-members), net of related expenses. For the year ended December 31, 2010, the Association had no tax payable on its nonexempt activities net of related expenses.

The Association's federal income tax returns for years before 2007 are no longer subject to examination by the Internal Revenue Service.

TARA MASTER ASSOCIATION, INC.  
Notes to Financial Statements  
December 31, 2010

**NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS**

Florida Statutes do not require that the Association set aside funds for future major repairs and replacements, although the Board of Directors has elected to designate monies to be used for this purpose. Accumulated funds, which aggregate \$309,976 at December 31, 2010, are held in separate accounts and are generally not available for operating purposes.

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, 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, pass special assessments, borrow funds from a financial institution or delay major repairs and replacements until funds are available.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The Association entered into an agreement with Tara Golf & Country Club, Inc. to provide management services for an annual fee of \$76,129 during 2010.

**NOTE 6 – 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 units for 2010 is \$24.32 per month plus applicable taxes and fees.

Future minimum payments, excluding taxes and fees, under the commitment as of December 31, 2010 are:

2011	\$603,233
2012	603,233
2013	<u>201,078</u>
Total	<u>\$1,407,544</u>

**NOTE 7 – 12 OAKS ADVISORY COMMITTEE EXPENSES**

In 2010, the Association incurred "12 Oaks Advisory Committee" expenses totaling \$23,763 for research, defense and protection of the Tara neighborhood regarding potential commercial development and proposed permit changes which could affect the quality of life within and surrounding the Tara Community.

**NOTE 8 – SUBSEQUENT EVENTS / DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 8, 2011, the date that the financial statements were available to be issued.