

**THE EAGLES MASTER ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2008**  
**(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)**

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# FLANAGAN & JASON, INC

CERTIFIED PUBLIC ACCOUNTANT AND ASSOCIATE

JOHN R. FLANAGAN, CPA  
JOHN A. JASON

MEMBERS:  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

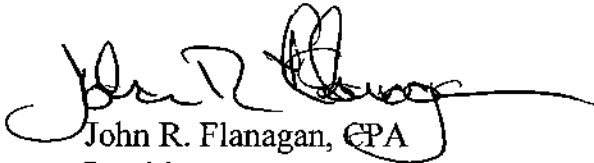
To The Board of Directors  
The Eagles Master Association, Inc  
Tampa, FL

We have audited the accompanying combined balance sheet of The Eagles Master Association, Inc. as of September 30, 2008, and the related combined statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of The Eagles Master Association, Inc. management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended September 30, 2007, is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which we express no opinion in our report.

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. 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Eagles Master Association, Inc. 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combined schedule of operating fund revenues, expenses on pages nine (9) and ten (10). Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "John R. Flanagan", with a long horizontal flourish extending to the right.

John R. Flanagan, CPA

President

Flanagan & Jason, Inc.

July 17, 2009

**The Eagles Master Association, Inc**  
**Balance Sheets**  
**September 30, 2008 and 2007**

	Operating Fund	2007 Total
<b><u>Assets</u></b>		
Cash	\$ 148,721	\$ 147,046
Certificates of deposit	103,240	-
Assesments receivable net of allowance for doubtful accounts of \$3,686	33,170	18,154
Prepaid insurance	1,857	21,406
Golf course receivables	35,805	22,010
Utility deposits	1,700	1,500
Security vehicle net of depreciation of \$8,277	4,456	-
	\$ 328,949	\$ 217,119
<b>Total Assets</b>		
 <b><u>Liabilities</u></b>		
Accounts payable	\$ 7,056	\$ 6,677
Prepaid assessments	173,361	125,840
 Total Liabilities	180,417	132,517
 <b><u>Fund Balances(Deficit)</u></b>	148,532	84,602
 Total Liabilities and Fund Balances	\$ 328,949	\$ 217,119

The notes which follow all the financial statements covered by the CPA firm's audit report provide further information required by generally accepted accounting principles. They are to be read as an integral part of this statement.

**The Eagles Master Association, Inc**  
**Statements of Revenues, Expenses, and Changes in Fund Balances**  
**For the Year Ended September 30, 2008 and 2007**

	<u>Operating Fund</u>	<u>2007 Total</u>
<b><u>Revenues</u></b>		
Member Assessments	\$ 730,600	\$ 671,190
Golf course assessment	50,000	50,000
Interest Earned	5,053	6,862
Late charges	9,463	17,124
Other Income	7,164	10,150
	<u>802,280</u>	<u>755,326</u>
<b><u>Expenses</u></b>		
Administrative	196,592	140,226
Utilities and services	404,331	392,763
Grounds	121,515	159,884
Buildings and maintenance	8,725	6,584
Betterments & improvements	-	223,066
	<u>731,163</u>	<u>922,523</u>
Excess (Deficit) of Revenues Over Expenses	71,117	(167,197)
Transfer to Deferred Revenue	-	-
Beginning Fund Balances	<u>77,415</u>	<u>251,799</u>
Ending Fund Balances	<u>\$ 148,532</u>	<u>\$ 84,602</u>

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**The Eagles Master Association, Inc**  
**Statements of Cash Flows**  
**For the Year Ended September 30, 2008**

	<u>Operating Fund</u>
Cash Flows From Operating Activities	
Cash received from members	\$ 799,310
Other income	16,627
Cash paid to suppliers and contract servicers	(716,075)
Interest received	5,053
Interfund receivable	<u>          -</u>
Net Cash Provided by Operating Activities	104,915
 Cash Flows (Used For) Financing Activities:	
Purchase of Certificates of Deposits	<u>(103,241)</u>
 Increase (Decrease) in Cash	1,674
 Cash and Cash Equivalents	
Beginning of Year	<u>147,047</u>
 Cash and Cash Equivalents	
at Year End	<u><u>\$ 148,721</u></u>

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**The Eagles Master Association, Inc**  
**Statements of Cash Flows**  
**For the Year Ended September 30, 2008**

	<u>Operating Fund</u>
Reconciliation of Excess of Revenues Over Expenses to Cash Provided (Used) by Operating Activities:	
Excess (Deficit) of Revenues Over Expenses	\$ 71,117
Adjustments to Reconcile Excess of Revenues Over Expenses to Cash Provided by Operating Activities:	
Depreciation expense	2,547
Decrease (increase) in operating assets:	
Assessemnts receivable	(15,016)
Prepaid Expenses	12,363
Other recievables	(13,795)
Decrease in utility deposits	(200)
Increase (decrease) in operating liabilities:	
Increase in accounts payable	378
Decrease in prepaid assessments	47,521
Interfund (receivable) payable	<u>-</u>
Total Adjustments	<u>33,798</u>
Net Cash Provided by Operating Activities	<u>\$ 104,915</u>

The notes which follow all the financial statements covered by the CPA firm's audit report provide further information required by generally accepted accounting principles. They are to be read as an integral part of this statement.

**The Eagles Master Association, Inc**  
**Notes to Financial Statements**

**NOTE I – ORGANIZATION**

The Association is a not-for-profit corporation organized to provide an entity pursuant to the Florida statutes for the administration, maintenance, operation, and management of The Eagles Master Association, Inc located in Tampa, FL. The Eagles Master Association, Inc consists of 1,127 residential units. Assessments against the owners of the residential units, which are the principal source of revenue, are based on the estimated amounts required to protect and maintain the property owned by the owners in common and are divided equally among the units.

All policy decisions are formulated by the Board of Directors. Certain major decisions are referred to the general membership before action is taken. Assessments are determined annually by the Board of Directors based upon maintenance and other operating requirements of the Association. Any deficit or excess of revenue over expenses would, in effect, increase or decrease assessments required in future periods

**NOTE II – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements have been prepared using the fund method of accounting on the accrual basis. The accrual basis of accounting recognizes revenues when earned and expenses when the obligations are incurred.

The fund method of accounting required funds such as operating funds and funds for future major repairs and replacements, to be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the operating fund are generally made at the discretion of the Board of Directors. Disbursements from the replacement fund may be made only for repair and replacement of the common element.

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund is composed of assessments paid by unit owners to fund future replacements, major repairs and purchases of additional commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were levied.

**The Eagles Master Association, Inc**  
**Notes to Financial Statements**

**NOTE II- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
continued**

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Interest Earned on Replacement Fund

The Association retains interest earned on operating fund accounts in the operating fund net of taxes and interest earned on replacement fund accounts in the replacement fund. For 2008 the amount of interest earned was \$1,635 on the operating fund and \$3,418 on the replacement fund.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires managements 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Association has an option for income tax purposes to elect on an annual basis to be taxed as a regular corporation under Section 277 of the Internal Revenue Code whereby non-exempt, function income is taxed at regular corporate rates, or to be taxed at a special corporate rate of 30% on its net, non-function income, less \$100 exclusion, in accordance with Section 528 of the Internal Revenue Code. For 2007, the corporation has elected to file under Section 528.

**The Eagles Master Association, Inc**  
**Notes to Financial Statements**

**NOTE III – MAINTENANCE FEES**

The Association bills its maintenance fees in advance on a bi-annual basis. Maintenance fees received in advance for 2009 amounted to \$173,361.

Bi-annual assessments to owners were \$650 in 2008.

The annual budget and assessments of owners are determined by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

**NOTE IV – FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Board of Directors did not conduct a study while preparing the 2009 budget to estimate the remaining useful lives and 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, subject to member approval, to increase regular assessments, or levy special assessments, or it may delay major repairs and replacements until funds are available.

## **Supplementary Information**

**The Eagles Master Association, Inc**  
**Supplementary Schedule of Operating Expenses**  
**For the Year Ended September 30, 2008**  
**(compiled)**

Administrative

Bad Debt	\$ 4,009
Management Fee	51,380
Accounting Fees	2,800
Office	43,464
Legal Fees	49,477
Licenses and Fees	61
Professional Fees	1,680
Newsletter	920
Bank Charges	72
Insurance	23,407
Depreciation	2,547
Income Tax	175
Consultations	6,108
Meeting	635
Security Supplies	2,582
Miscellaneous	7,075
Website	200
	<u>196,592</u>

Grounds

Grounds Contract	79,056
Grounds Supplies	5,782
Irrigation Maintenance	2,481
Pond Maintenance Contract	5,985
Drainage Study	15,000
Trash Collections	2,746
Signage	1,329
Sidewalk	2,393
Contingency	778
Road Repairs	5,965
	<u>121,515</u>

Buildings and maintenance

Building Repairs and Maintenance	6,581
Damage Repair	94
Light Repair	2,050
	<u>8,725</u>

(Read Accountants Report)

**The Eagles Master Association, Inc**  
**Supplementary Schedule of Operating Expenses**  
**For the Year Ended September 30, 2008**  
**(compiled)**

<u>Utilities and services</u>	
Water and Sewer	\$ 5,463
Electric	27,992
Telephone	7,551
Security Contract	301,941
Security vehicle	12,749
Security Staff Wages	32,169
Speed Enforcement	4,255
Camera	3,327
Gate Maintenance	<u>8,884</u>
	<u>404,331</u>
Total Expenses	<u>\$ 731,163</u>

(Read Accountants Report)