



Meeting of the Executive Board
Stapleton Community Room • 2823 Roslyn St. • Denver, 80238
Thursday September 16, 2010 ~ Noon - 2:00 pm.

AGENDA

I. CALL TO ORDER	D. Gammon	Verbal
II. APPROVAL OF MINUTES • May 20, 2010	D. Gammon	Attached
II. ADDITIONS TO AGENDA	D. Gammon	Verbal
III. GOVERNANCE • Approve 2009 Final Audit • Review Final Investment Policy	D. Gammon	Attached
III. FINANCIAL REPORT • Statement of Activities January – August, 2010 • Balance Sheet as of August 31, 2010 • Delinquency Report	K. Burnett	Attached
IV. MANAGEMENT REPORT • Aquatics • Events • Facilities • Membership	Staff	Handouts
IV. PROPOSED BUDGET • 2011 Budget Assumptions • 2011 Organizational Structure & Staffing • 2011 Proposed Operation Budget • 2011 Reserve Projects & Capital Improvement Budget	K. Burnett	Attached
V. OPEN MEMBER FORUM	M. Kearns	Verbal
VI. MEETINGSCHEDULE: • Annual Members Meeting (Nov 10 @ 6:30 PM) • Annual Board & Delegate Meeting (Nov 18 @ Noon)	K. Burnett	Verbal
VI. ADJOURN	D. Gammon	Verbal

**STAPLETON MASTER COMMUNITY ASSOCIATION
EXECUTIVE BOARD MEETING**

Thursday, May 20, 2010 ~12:00– 1:30 pm.
Stapleton Community Room
2823 Roslyn Street
Denver, CO 80238

ATTENDANCE

Denise Gammon (President) **absent**
Heidi Majerik (Vice President)
Brian Fennelly (Treasurer)
Michael Kearns (Secretary)
Keven Burnett (SMCA Executive Director)
Jenifer Graham (Office Manager)
Paula Deorio (Aquatics Director)
Diane Deeter (Program & Events Director)
Justin Silverstein (district 2 delegate)
Dana Elkind (district 3 delegate)
Bethany Smith (district 4 delegate)
Tim Wilson (district 5 delegate)
Katie Garces (district 6 delegate) **absent**
Amanda Allshouse (district 1 Delegate) **absent**

I. CALL TO ORDER

Heidi Majerik

II. APPROVAL OF MINUTES

Feb 18th 2010 - meeting minutes were attached.

❖ **M/S/C~ (Majerik, Fennelly, Kearns)~**
Motion to approve: minutes as presented.

III. FINANCIAL REPORT:

1) The Executive Director presented statement of activity and balance sheet

Statement of Activity (January through March 2010)

• Income (4000 series)	\$704,904.14	Budget	\$727,889.73
• Expense (5000 series)	\$529,874.74	Budget	\$609,912.48
• Net ordinary Income	\$175,029.40	Budget	\$117,977.25
• Other Income	\$70,553.82	Budget	\$70,176.00
• Net Income	\$205,850.85	Budget	\$113,153.25

(Income budget- assessments are down due to lack of sales, Expense budget is \$10k under budgeted due to coupon books posting in January 2009 and December 2009)



Balance Sheet (As of March 31st , 2010)

• Current Assets	\$1,602,113.06
• Accounts Receivable	\$405,854.72
• Total Assets	\$1,754,341.55
• Total Liabilities	\$266,542.54
• Total Equity	\$1,487,799.01
• Total Liabilities & Equity	\$1,754,341.55

2) Delinquent Accounts

\$35k is owed to the MCA of the \$14k is assessments the rest is legal fees.

Delinquent accounts have risen 44 to 54 from 2009

- ❖ **M/S/C ~ (Kearns, Fennelly, Majerik)~**
- ❖ **Motion to approve:** Financials for January through March 2010 as submitted.

IV. GOVERNANCE**1) Draft Investment Policy**

Capital Investment Counsel, Inc presented information about the company and the purpose for the investment of the MCA's reserve funds. **~Executive Director will make updates with CIC and send out completed Reserve Policy to the Board ~**

2) Appointment of Officers

2010 Board Members are as follows:

President	Denise Gammon
Vice-President	Heidi Majerik
Treasurer	Brian Fennelly
Secretary	Michael Kearns

3) Draft 2009 Audit Report

Audit report was just received; Board will review at the Q3 2010 meeting and request motion then.

- ❖ **M/S/C ~ (Fennelly, Kearns, Majerik)~**
- ❖ **Motion to approve:** CIC draft investment policy after changes are made and Appointment of 2010 of Officers

V. MANAGEMENT REPORT**1) Administration**

- MCA work truck- Board recommends a "use policy" for those using the vehicle.
- Seasonal Staff Hiring- 38 returning staff and 18 new hires for a total of 56 pool employees

2) Events

- Program & Events Director presented the summer 2010 calendar
- June 26th is the 1st Stapleton Beer festival-\$20 online/\$25 in person (includes 3oz plastic commemorative cup) for the event for anyone sampling the beers. Farmers Market will have pancake breakfast at both the 1st and last market.

3) Aquatics

- 2010 Aquatics Programs-960 participants have enrolled in the 2010 aquatic program, 16 Junior guards
- 2009 programming income was \$31k to date the 2010 income is \$63k, exact costs are hard to narrow down. The goal would be \$1 in and \$1 out.

4) Facilities

- Filing 19 pool is planned to open Memorial Day of 2011
- Aviator coping stones are in and 2 lily pads removed (pictures were posted)
- Backstroke flag anchors were installed which will allow them to be installed and removed easier. This also gives the option for large pool accessories/toys to be used in future.
- West Crescent fountains are up and running with the new chemical feed systems

VI. COMMUNITY IMPROVEMENT PROJECTS

- Filing 18 pocket parks planters will be updated will cost approve (\$4.5)
- Additional picnic/gathering table are needed at the pools and a couple at the pocket parks (\$12k)
- Arc park (temporary) sand box will be installed this summer

VII. MEETING SCHEDULE

- 1) Q3 Executive Board: September 16th 2010~ Noon-2:00pm



**RESOLUTION
OF THE
MASTER COMMUNITY ASSOCIATION, INC.
REGARDING INVESTMENT OF RESERVE POLICY**

SUBJECT: Adoption of an Investment Policy for reserves of the Association.

PURPOSES: To adopt a policy for the investment of reserve funds.

AUTHORITY: The Declaration, Articles of Incorporation, and Bylaws of the Association and Colorado law.

EFFECTIVE

DATE: June 30, 2010

RESOLUTION: The Association hereby adopts a Policy as follows:

1. Scope. Board members have a fiduciary responsibility to the association. They may not delegate their legal obligation to protect the association's assets to anyone else. The Board must therefore invest association reserve funds responsibly and in a way that provides first safety, then liquidity and finally yield.

2. Goals & Objectives. The Association's reserve assets shall be invested to achieve the following objectives:

1. Promote and ensure the preservation of the reserve fund's principal.
2. Structure maturities to ensure the availability of assets.
3. Minimal costs. Investment costs should be minimized.
4. Funds should be invested with professional managers who have good reputations and sound credentials.
5. Achieve long term investment performance based on lowest risk at highest return.

3. Investment Strategy. Use the most recent reserve study to match the effective maturities to the dates of the expenses. The following are considered suitable investment instruments for reserves:

1. 100% of the fixed-income securities held in the portfolio shall have a Moody's, Standard & Poor's and/or Fitch's credit quality rating of no less than "BBB".
2. 40% of the portfolio shall not be rated less than AA. If the Manager should hold BBB rated securities they must be US companies only. U.S. Treasury securities and U.S. government agency securities, which are unrated securities, are qualified for inclusion in the portfolio.

3. The exposure of the portfolio to any one issuer, other than securities of the U.S. government or U.S. agencies, shall not exceed 15% of the market value of the fixed income portfolio.
4. To the extent possible, holdings of individual issues shall be large enough for easy liquidation
5. The manager shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate.

(a) An issue by issue review will be conducted for each security that has its credit rating lowered after purchase and for each security presently in the portfolio that falls below these criteria's. A decision will be made to either hold and monitor or liquidate.

4. Selection Criteria. Securities will be selected with an emphasis on these characteristics:
 1. Preservation of capital
 2. Quality
 3. Effective maturity
 4. Net after-tax return
5. Investment Options. Securities will be selected with an emphasis on these characteristics:
 1. Preservation of capital
 2. Quality
 3. Effective maturity
 4. Net after-tax return

An issue by issue review will be conducted for each security that has its credit rating lowered after purchase and for each security presently in the portfolio that falls below these criteria's. A decision will be made to either hold and monitor or liquidate.

6. Review and Control. The Executive Director and /or the Treasurer shall work closely with the Manager and the Broker to ensure that the policy outlined is adhered to. The Board of Directors will review the investments and make any necessary corrections, changes, additions or deletions.

7. Reserve Study. In order to determine funding of the Reserve Account, the Board of Directors shall determine, with the assistance and advice of professionals, the life expectancy of those portions of the Community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas (hereinafter referred to as a "Reserve Study").

8. Review of Reserve Study. The Board of Directors shall cause the Reserve Study, if any and reserve funding to be reviewed and updated periodically, at least once every

three years to adjust and make changes in costs, inflation, interest yield on invested funds plus modification, addition or deletion of components.

9. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

10. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

11. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.

12. Amendment. This policy may be amended from time to time by the Board of Directors.

PRESIDENT'S

CERTIFICATION: The undersigned, being the President of the Association, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on this 15 day of June, 2010 and in witness thereof, the undersigned has subscribed his/her name.

Master Community Association, Inc.

By: 
President

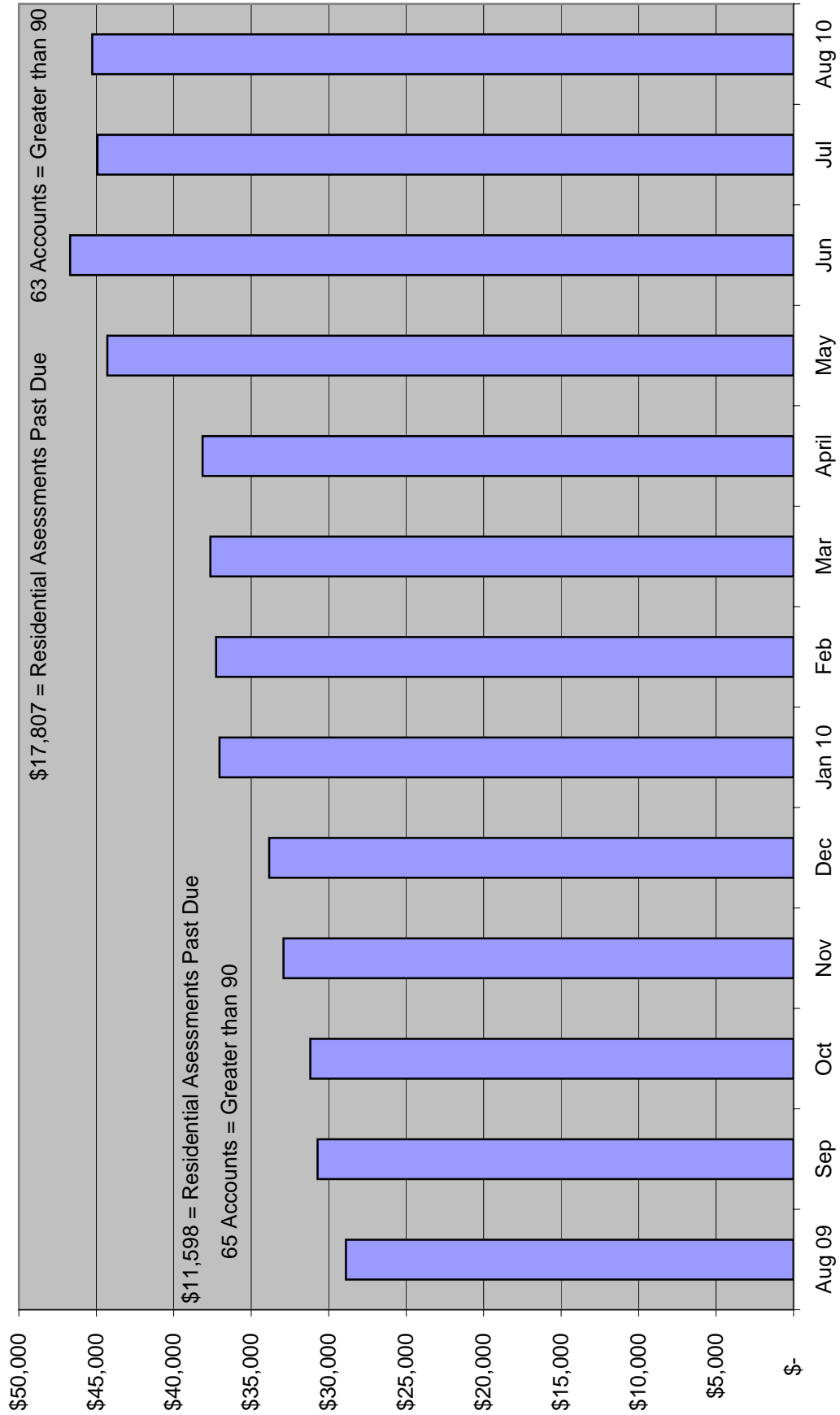
Stapleton MCA
Statement of Activity
 January through August 2010

	Jan - Aug 10	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4010 · Assessments	1,306,904.09	1,323,367.17	-16,463.08	98.8%
4020 · PCMD	449,463.75	519,233.00	-69,769.25	86.6%
4030 · Working Capital	41,328.00	32,000.00	9,328.00	129.2%
4040 · Collections	28,951.76	28,400.00	551.76	101.9%
4060 · Pool Income	259,006.48	191,500.00	67,506.48	135.3%
4070 · Event Income	56,972.10	53,500.00	3,472.10	106.5%
4080 · Other Income	13,254.61			
Total Income	<u>2,155,880.79</u>	<u>2,148,000.17</u>	<u>7,880.62</u>	<u>100.4%</u>
Expense				
5010 · Administration & Payroll	373,613.79	392,108.00	-18,494.21	95.3%
5020 · Office & Community Room	57,847.46	59,456.00	-1,608.54	97.3%
5030 · Assessment Management	82,111.21	85,720.00	-3,608.79	95.8%
5040 · Professional Services	27,072.67	32,275.00	-5,202.33	83.9%
5060 · Insurance	68,335.26	67,625.00	710.26	101.1%
5100 · Programming & Events	142,311.95	137,700.00	4,611.95	103.3%
5210 · SMCA Grounds Maint.	274,942.63	290,800.00	-15,857.37	94.5%
5220 · SMCA Utilities	50,361.59	66,900.00	-16,538.41	75.3%
5300 · PCMD Grounds Maint.	357,164.72	400,933.00	-43,768.28	89.1%
5320 · PCMD Utilities	80,312.70	106,300.00	-25,987.30	75.6%
5400 · Pool Operations	453,500.32	460,900.00	-7,399.68	98.4%
5500 · Other Expenses	1,017.49	2,400.00	-1,382.51	42.4%
5900 · Restricted Fund Transfers	174,336.00	174,336.00	0.00	100.0%
Total Expense	<u>2,142,927.79</u>	<u>2,277,453.00</u>	<u>-134,525.21</u>	<u>94.1%</u>
Net Ordinary Income	12,953.00	-129,452.83	142,405.83	-10.0%
Other Income/Expense				
Other Income				
6010 · Reserve Funds	153,366.67	155,136.00	-1,769.33	98.9%
6020 · Improvement Fund	24,000.00	24,000.00	0.00	100.0%
6050 · Community Fund	12,208.10	9,000.00	3,208.10	135.6%
Total Other Income	<u>189,574.77</u>	<u>188,136.00</u>	<u>1,438.77</u>	<u>100.8%</u>
Other Expense				
7000 · Fund Projects	79,618.04	162,500.00	-82,881.96	49.0%
Total Other Expense	<u>79,618.04</u>	<u>162,500.00</u>	<u>-82,881.96</u>	<u>49.0%</u>
Net Other Income	<u>109,956.73</u>	<u>25,636.00</u>	<u>84,320.73</u>	<u>428.9%</u>
Net Income	<u><u>122,909.73</u></u>	<u><u>-103,816.83</u></u>	<u><u>226,726.56</u></u>	<u><u>-118.4%</u></u>

Stapleton MCA
Balance Sheet
 As of August 31, 2010

	Aug 31, 10
ASSETS	
Current Assets	
Checking/Savings	
1010 · MSI Assessment Acct	163,990.47
1015 · MCA Operating Acct	99,731.48
1020 · MCA Operating Reserve	100,126.25
1030 · MCA Community Reserve	100,168.66
1070 · MCA Community Fee Fund	22,773.86
1080 · MCA Investment - Schwab	750,000.00
Total Checking/Savings	1,236,790.72
Accounts Receivable	
1110 · Accounts receivable	316,694.09
1115 · Doubtful accounts allowance	-40,000.00
Total Accounts Receivable	276,694.09
Other Current Assets	
1410 · Inventories for sale	1,301.24
1420 · Inventories for use	10,506.44
1530 · Petty Cash - MSI	1,200.00
1535 · Petty Cash - MCA	1,500.00
1550 · Training Equipment - Aquatics	3,890.59
Total Other Current Assets	18,398.27
Total Current Assets	1,531,883.08
Fixed Assets	
1620 · Pool Facility - operating	16,146.35
1630 · Leasehold improvements	92,016.00
1640 · Furniture, fixtures, & equip	41,639.02
1650 · Vehicles	24,831.98
1745 · Accum deprec	-33,878.00
Total Fixed Assets	140,755.35
TOTAL ASSETS	1,672,638.43
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2010 · Accounts payable	238,182.95
Total Accounts Payable	238,182.95
Credit Cards	
2050 · Credit card	-6,705.51
Total Credit Cards	-6,705.51
Other Current Liabilities	
2100 · Payroll Liabilities	4,637.78
2200 · Prepaid Assessments	117,537.09
2250 · Swim Team Fund	1,048.98
2410 · Refundable advances	-347.46
Total Other Current Liabilities	122,876.39
Total Current Liabilities	354,353.83
Total Liabilities	354,353.83
Equity	
3001 · Opening Bal Equity	148,920.30
3010 · Unrestrict (retained earnings)	300,765.77
3300 · Working Capital Equity	745,688.80
Net Income	122,909.73
Total Equity	1,318,284.60
TOTAL LIABILITIES & EQUITY	1,672,638.43

Delinquent Accounts 90 Days Plus





Master Community Association, Inc.
Financial Statements
For the years ended
December 31, 2009 and 2008

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INDEPENDENT AUDITOR'S REPORT


To the Board of Directors
Master Community Association, Inc.:

We have audited the accompanying balance sheets of Master Community Association, Inc. as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years 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 audits.

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.

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 are adequate to meet such future costs because that determination is outside the scope of our audit.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Master Community Association, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


James Moore & Associates, P.C.
Certified Public Accountants
Aurora, Colorado
April 26, 2010

Master Community Association, Inc.
Balance Sheets
December 31, 2009 and 2008

	December 31, 2009			Total	December
	Operating Fund	Reserve Fund	Community Fund		2008 Total
ASSETS					
Cash and cash equivalents	\$186,609	\$643,321	\$111,373	\$941,303	\$884,674
Accounts receivable, net of Allowance for uncollectible accounts of \$40,000 and \$30,000 on 2009 and 2008 respectively					
Homeowners & Builders	150,804	0	0	150,804	138,401
Other A/R	80,017	0	0	80,017	38,462
Working capital receivable	2,311	0	0	2,311	8,093
Other receivables	1,301	0	0	1,301	5,066
Prepaid expenses	33,421	0	0	33,421	30,385
Receivable from PCMD	96,904	0	0	96,904	113,144
Other assets	10,506	0	0	10,506	716
Due (to reserves) / from operating, net of Accumulated of \$0 and \$0 on 2009 and 2008 respectively	(28,581)	28,581	0	0	0
Property and equipment, net of Accumulated depreciation of \$33,878 and \$17,616 in 2009 and 2008, respectively	119,814	0	0	119,814	106,426
Total Assets	\$653,106	\$671,902	\$111,373	\$1,436,381	\$1,325,367
LIABILITIES AND FUND BALANCES					
Accounts payable	\$113,658	\$0	\$0	\$113,658	\$136,895
Prepaid assessments	103,856	0	0	103,856	103,385
Other payable	1,049	0	0	1,049	0
Credit card	1,773	0	0	1,773	2,054
Payroll liabilities	2,710	0	0	2,710	898
Total Liabilities	\$223,046	\$0	\$0	\$223,046	\$243,232
Working capital	748,000	0	0	748,000	700,000
Fund balances	(317,940)	671,902	111,373	465,335	382,135
Total Liabilities and Fund Balances	\$653,106	\$671,902	\$111,373	\$1,436,381	\$1,325,367

See accompanying notes and auditor's report.

Master Community Association, Inc.
Statements of Revenues, Expenses, and Changes in Fund Balances
Years Ended December 31, 2009 and 2008

	December 31, 2009			Total	December
	Operating Fund	Reserve Fund	Community Fund		2008 Total
REVENUES					
Homeowner and builder assessments	\$1,665,684	\$0	\$0	\$1,665,684	\$1,636,935
Commercial and rentals assessments	192,158	0	0	192,158	175,179
Declarant assessments	99,218	0	0	99,218	12,702
Interest income	1,353	6,252	1,181	8,786	14,980
Pool income	178,145	0	0	178,145	33,496
Community fee income	0	0	16,322	16,322	10,395
Other income	78,121	0	0	78,121	72,936
Collection fees	26,058	0	0	26,058	18,502
Working capital	0	0	0	0	0
PCMD	652,809	0	0	652,809	687,449
	<u>\$2,893,546</u>	<u>\$6,252</u>	<u>\$17,503</u>	<u>\$2,917,301</u>	<u>\$2,662,574</u>
EXPENSES					
Repairs and maintenance	\$997,111	\$0	\$0	\$997,111	\$890,669
Utilities	85,221	0	0	85,221	90,373
Administration	916,708	0	0	916,708	677,752
Taxes and insurance	75,103	0	0	75,103	56,779
PCMD	636,564	0	0	636,564	669,858
Reserve expenses	0	122,894	500	123,394	96,664
	<u>\$2,710,707</u>	<u>\$122,894</u>	<u>\$500</u>	<u>\$2,834,101</u>	<u>\$2,482,095</u>
Excess of revenues over expenses	\$182,839	(\$116,642)	\$17,003	\$83,200	\$180,479
Beginning fund balances	(282,998)	570,763	94,370	382,135	201,656
Transfer between funds	(217,781)	217,781	0	0	0
Ending fund balances	<u>(\$317,940)</u>	<u>\$671,902</u>	<u>\$111,373</u>	<u>\$465,335</u>	<u>\$382,135</u>

See accompanying notes and auditor's report.

Master Community Association, Inc.
Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	December 31, 2009			Total	December
	Operating Fund	Reserve Fund	Community Fund		2008 Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess / (Deficit) of revenues over expenses	\$182,839	(\$116,642)	\$17,003	\$83,200	\$180,479
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided / (used) by operating activities:					
Depreciation expense	16,262	0	0	16,262	11,467
(Increase) decrease in:					
Accounts receivable					
Homeowners & Builders	(12,403)	0	0	(12,403)	(4,027)
Other A/R	(41,555)	0	0	(41,555)	561
Other receivables	3,765	0	0	3,765	731
Prepaid expenses	(3,036)	0	0	(3,036)	(1,185)
Receivable from PCMD	16,240	0	0	16,240	(28,705)
Other assets	(10,506)	716	0	(9,790)	(716)
Increase (decrease) in:					
Accounts payable	(23,237)	0	0	(23,237)	(18,194)
Prepaid assessments	471	0	0	471	28,195
Other payable	1,049	0	0	1,049	0
Credit card	(281)	0	0	(281)	1,296
Payroll liabilities	1,812	0	0	1,812	(249)
Net Cash Provided / (Used) by Operating Activities	<u>131,420</u>	<u>(115,926)</u>	<u>17,003</u>	<u>32,497</u>	<u>169,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Property and equipment	(29,650)	0	0	(29,650)	(31,575)
Working capital receivable	5,782	0	0	5,782	6,075
Net Cash Provided / (Used) by Investing Activities	<u>(23,868)</u>	<u>0</u>	<u>0</u>	<u>(23,868)</u>	<u>(25,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in Working capital	48,000	0	0	48,000	69,200
Due (to reserves) / from operating	(25,058)	25,058	0	0	0
Interfund transfers	(217,781)	217,781	0	0	0
Net Cash Provided / (Used) by Financing Activities	<u>(194,839)</u>	<u>242,839</u>	<u>0</u>	<u>48,000</u>	<u>69,200</u>
 NET INCREASE (DECREASE) IN CASH	 (87,287)	 126,913	 17,003	 56,629	 213,353
CASH AT BEGINNING OF YEAR	<u>273,896</u>	<u>516,408</u>	<u>94,370</u>	<u>884,674</u>	<u>671,321</u>
CASH AT END OF YEAR	<u>\$186,609</u>	<u>\$643,321</u>	<u>\$111,373</u>	<u>\$941,303</u>	<u>\$884,674</u>

See accompanying notes and auditor's report.

Master Community Association, Inc.

Notes to Financial Statements

December 31, 2009 and 2008

Note 1 - Nature of Organization

Master Community Association, Inc. (the Association) was incorporated on September 25, 2001, in the State of Colorado. The Association is responsible for the operation, management, and maintenance of the common property within the development. The development is located within the former Stapleton International Airport site in Denver, Colorado. The development is planned for approximately 23,000 units, of which 15,000 will be individually owned residential units, 1,000 unit equivalents will be multi-family residential rentals, 6,000 unit equivalents will be commercial, industrial, office, or recreation use, and 1,000 unit equivalents will be for other uses. As of December 31, 2009, approximately 3,740 residential units had been sold to homeowners.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

Both the accompanying financial statements and related income tax returns have been prepared in accordance with the accrual method of accounting.

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.

Cash and Cash Equivalents

The Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Assessments Receivable

Assessments are stated on the balance sheet at face value. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent.

Master Community Association, Inc.

Notes to Financial Statements

December 31, 2009 and 2008

Recognition of Assets and Depreciation Policy

Real and personal common property acquired by the original unit owners from the developer, as well as replacements and improvements thereto, is not recognized on the Association's financial statements because it is commonly owned by individual owners and its disposition by the Association's Board is restricted. Replacements and improvements to common property are not recognized as assets because their disposition is restricted.

Depreciation

Leasehold improvements for the Association's office of operations is depreciated over 10 years using the straight-line method. And the Association furniture and fixtures is depreciated over 7 years using the straight-line method.

Working Capital Reserves

Working capital deposits collected from homeowners at the initial closing of each lot, as required by the Declarations, have been recorded as contributed capital of the operating fund.

Member Assessments

Association members are subject to regular assessment to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Owners' assessments are determined by an annual budget approved by the board to meet operating costs and contribute to the replacement fund. Assessments receivable at the balance sheet date represent fees due from unit owners. Any excess assessments at year end are retained by the Association for use in the succeeding year.

For the years ended December 31, 2009 and 2008 owners were assessed \$20.40 to \$36 per month.

Interest Income

Interest income is allocated to the operating and replacement fund in proportion to the interest-bearing deposits of each fund.

Income Taxes

The Association expects to file its December 31, 2009 income tax returns, as an exempt organization using Form 990.

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.

Master Community Association, Inc.
Notes to Financial Statements
December 31, 2009 and 2008

Note 3 - Property and Equipment

Property and equipment consist of the following:

Lease hold improvement – MCA office	\$ 91,226
Furniture and equipment	41,639
Training equipment	3,891
Pool facility	<u>16,146</u>
	153,692
Accumulated depreciation	<u>33,878</u>
	<u>\$ 119,814</u>

Note 4 - Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregated \$671,902 and \$570,763 at December 31, 2009 and 2008, respectively, are held in separate accounts and are generally not available for operating purposes.

The management of the Association conducted a study to estimate the remaining useful lives and the replacement costs of the common area components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. 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 or levy special assessments, or it may delay major repairs and replacements until funds are available.

Note 5 – Community Fee Assessments

Upon the transfer of a unit within the Association, Section 6.12 of the First Amended and Restated Community Declaration requires a Community Fee to be paid by the seller. The purpose of the Community Fee is to provide funding to help achieve the objectives of the Development Plan. The objectives of the Development Plan are: providing affordable housing, increasing availability of jobs training programs, increasing the availability of educational programs, promoting sustainable development, and creating open space.

The Community Fee is calculated by multiplying the selling price in excess of \$100,000 by 0.25%. Such Community Fee is to be deposited into an escrow account. On a quarterly basis, the escrow holder is to transfer 95% of the Community Fee collected to the Community Investment Fund, a separate legal entity, and 5% of the Community Fee collected to the Association. Accordingly, only the Association's 5% of the Community Fee is reflected as Community Fee income in the Association's financial statement and is maintained as a separate fund.

Master Community Association, Inc.
Notes to Financial Statements
December 31, 2009 and 2008

Note 6 – PCMD – Park Creek Metropolitan District

The Association has entered into a contract with the Park Creek Metropolitan District (“PCMD”) for the grounds maintenance of PCMD parks property. PCMD has agreed to reimburse the Association for all expenditures incurred on PCMD property.

Note 7 – Office, Community Room and Storage Lease

On October 1, 2007 the Association leased office, community room, and storage space from the Declarant (Forest City) under a five year lease. The lease calls for annual base rent of \$52,956, \$54,540, \$56,196, \$57,864, and \$59,604 in first through fifth of the lease years, respectively. In addition to this base rent, the Association is responsible for approximately 25.271% of common area maintenance on the premises.

The Association incurred leasehold improvement costs of \$220,366 to finish out the office, community room, and storage space. The Declarant reimbursed the Association for \$129,140 of these costs, leaving the Association with a net leasehold improvement cost of \$91,226.

Note 8 - Contingencies

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

Note 9 - Supplemental Disclosures

During the years ended December 31, 2009 and 2008, the Association paid \$0 in interest expense and \$0 in income taxes.

Note 10 – Pools management

During 2009 the Association took over direct management of the Association’s swimming pools. Prior to 2009 pool management was contracted with an outside service provider. During the year ended December, 31, 2009, the association received \$179,490 in gross pool income.

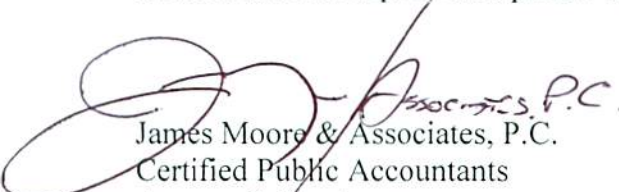


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Master Community Association, Inc.:

Our report on our audit of the basic financial statements of Master Community Association, Inc. for December 31, 2009 appears on page one. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Operating Fund Expenses, Budget and Actual on page nine is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplementary information on future major repairs and replacements on page ten is not a required part of the basic financial statements of Master Community Association, Inc. but is supplementary information required by the American Institute of Certified Public Accountants. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit the information and express no opinion on it.



James Moore & Associates, P.C.
Certified Public Accountants
Aurora, Colorado
April 26, 2010

Master Community Association, Inc.
Schedule of Operating Fund Expenses, Budget and Actual
Years Ended December 31, 2009 and 2008

	<u>Year Ended</u>		<u>Year Ended</u>	
	<u>December 2009</u>		<u>December 2008</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
	(Unaudited)		(Unaudited)	
Repairs and maintenance				
Grounds maintenance	\$270,756	\$324,593	\$193,134	\$221,805
Building repairs and maintenance	58,700	67,144	55,636	64,207
Aviator Pool Maintenance	26,000	59,719	143,600	147,048
Other Aviator pools expense	27,521	40,005	40,084	67,032
Puddle Jumper Pool	23,000	33,752	143,600	145,800
Other Puddle Jumper pool expense	30,521	25,289	31,684	34,161
Filing 15 Pool	23,000	36,908	143,100	145,648
Other Filing 15 Pool expenses	30,521	24,905	32,626	35,228
Pool Operations	240,633	335,872	0	0
Snow removal	35,000	31,854	35,000	9,273
Other expenses	1,200	808	0	9,000
Depreciation expense	0	16,262	0	11,467
	<u>766,852</u>	<u>997,111</u>	<u>818,464</u>	<u>890,669</u>
Utilities				
Gas & electric	12,000	11,591	0	3,138
Water	41,600	45,005	42,950	62,268
Storm drain fees	33,000	28,625	54,000	24,967
	<u>86,600</u>	<u>85,221</u>	<u>96,950</u>	<u>90,373</u>
Administration				
Management fee	563,232	542,151	300,366	330,281
Professional services	25,165	42,041	26,800	28,307
Administrative	33,250	40,610	36,300	21,133
Office	53,196	55,765	52,500	39,025
Bad debt expense	0	10,000	0	12,200
Intranet	18,000	22,379	12,600	14,171
Social activities	200,200	158,503	199,300	194,784
Community room	53,196	43,806	38,652	37,851
Cost of goods sold	0	1,453	0	0
	<u>946,239</u>	<u>916,708</u>	<u>666,518</u>	<u>677,752</u>
Taxes and insurance				
Federal income tax	0	0	0	0
State income tax	0	0	0	0
Insurance	80,352	75,103	52,480	56,779
	<u>80,352</u>	<u>75,103</u>	<u>52,480</u>	<u>56,779</u>
PCMD				
PCMD - Grounds maintenance	347,000	467,664	244,000	356,022
PCMD - Other maintenance	57,000	19,460	46,200	19,450
PCMD - Central Park	0	0	151,000	118,495
PCMD - Snow removal	52,500	32,635	45,000	13,618
PCMD - Trash & debris removal	12,000	0	12,000	0
PCMD - Tree maintenance	6,000	0	6,000	28,309
PCMD - Utilities	114,450	116,805	99,300	133,964
	<u>588,950</u>	<u>636,564</u>	<u>603,500</u>	<u>669,858</u>
GRAND TOTAL	<u>\$2,468,993</u>	<u>\$2,710,707</u>	<u>\$2,237,912</u>	<u>\$2,385,431</u>

See accompanying notes and auditor's report.