

MAISON DE VILLE
COUNCIL OF CO-OWNERS, INC

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

For the Year Ended
April 30, 2010

NAGESH & CARTER, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of the

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC

We have audited the accompanying Balance Sheets of MAISON DE VILLE COUNCIL OF CO-OWNERS, INC, as of April 30, 2010 and 2009 and the related Statements of Assessments, Revenues, Expenses, and Changes in Fund Balances as well as the Statements of 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 the financial statements based on our audit.

We conducted our audit in accordance with auditing standards as generally accepted in the United States of America. These 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 MAISON DE VILLE COUNCIL OF CO-OWNERS, INC, as of April 30, 2010 and 2009 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.

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC has not estimated the remaining lives and replacement cost of common property and, therefore, has not presented the estimates of future costs of major repairs and replacements. The American Institute of Certified Public Accountants has determined the estimates are required to supplement, but are not required to be part of, the basic financial statements.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 8 through 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

Nagesh & Carter, PLLC

Houston, Texas

July 7, 2010

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC.

BALANCE SHEETS

As of April 30, 2010 and 2009

	Operating Fund	Replacement Fund	Totals 30-Apr-10	Memo Totals 30-Apr-09
<u>ASSETS</u>				
Current Assets				
Cash	\$42,691	\$155,144	\$197,835	\$513,792
Accounts receivable	21,603	3,547	25,150	80,496
Pre-paid insurance	64,281	-	64,281	59,712
Total assets	\$128,575	\$158,691	\$287,266	\$654,000
<u>LIABILITIES AND FUND BALANCE</u>				
Current liabilities				
Prepaid maintenance fees	\$4,508	-	\$4,508	\$3,373
Total current liabilities	4,508	-	4,508	3,373
Fund balance	124,067	\$158,691	282,758	650,627
Total liabilities and fund balance	\$128,575	\$158,691	\$287,266	\$654,000
	-	-	-	-
<i>The accompanying notes are an integral part of these financial statements</i>				

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC.
STATEMENTS OF ASSESSMENTS, REVENUES AND EXPENSES
AND CHANGES IN FUND BALANCES
For The For Years Ended April 30, 2010 and 2009

	Operating Fund	Replacement Fund	Totals 30-Apr-10	Memo Totals 30-Apr-09
Assessments and revenues				
Maintenance fees	\$488,028	-	\$488,028	\$488,028
Special assessments		-	-	306,463
Adjustments and write offs	(49,798)	-	(49,798)	(15,944)
Late fees & penalties	(66)	-	(66)	2,652
Interest income	-	\$2,194	2,194	4,082
Other income	5,892	-	5,892	4,755
Insurance proceeds from Hurricane Ike	-	211,649	211,649	-
Interfund transfers	(32,598)	32,598	-	-
Total revenues	411,458	246,441	657,899	790,036
Operating expenses				
Administrative expenses	23,611	-	23,611	24,485
Contract services	28,324	-	28,324	25,629
Utilities	232,991	-	232,991	237,303
Facility maintenance and repairs	49,929	-	49,929	45,144
Insurance	67,214	-	67,214	42,901
Capital improvements and replacements	-	325,209	325,209	2,194
Federal income tax	707	-	707	
Hurricane Ike repairs	-	297,783	297,783	
Total expenses	402,776	622,992	1,025,768	377,656
Assessments and revenues over (under) expenses	8,682	(376,551)	(367,869)	412,380
Fund balance, beginning of the year	115,385	535,242	650,627	238,247
Fund balance, end of the year	\$124,067	\$158,691	\$282,758	\$650,627

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

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC.
STATEMENTS OF CASH FLOWS
For The For Years Ended April 30, 2010 and 2009

	Operating Fund	Replacement Fund	Totals 30-Apr-10	Memo Totals 30-Apr-09
Cash flow from (to) operations				
Assessments and revenues over (under) expenses	\$8,682	(\$376,551)	(\$367,869)	\$412,380
<i>Adjustments to reconcile assessments and revenues over (under) expenses to cash flow from operations</i>				
Accounts receivable	25,063	30,283	55,346	30,334
Pre-paid insurance	(4,569)	-	(4,569)	(59,712)
Prepaid assessments	1,207	(72)	1,135	(32,570)
Total cash flow from (to) operations	30,383	(346,340)	(315,957)	350,432
Increase (decrease) in cash	30,383	(346,340)	(315,957)	350,432
Cash, beginning of the year	12,308	501,484	513,792	163,360
Cash, end of the year	\$42,691	\$155,144	\$197,835	\$513,792

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MAISON DE VILLE COUNCIL OF CO-OWNERS, INC
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2010 and 2009

1. ORGANIZATION

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC ("the Association") was incorporated in the State of Texas as a not-for-profit corporation on December 7, 1983.

The Association is the governing body for the homeowners of Maison De Ville Council of Co-Owners, Inc a 101 condominium complex in Harris County, Texas. The purposes of the Association are to provide for the maintenance and preservation of the common areas as well as to promote the health, safety and welfare of the residents.

The affairs of the Association are managed and controlled by its Board of Directors. These Directors are empowered to exercise, on behalf of the Association, all of the powers, duties, and authorities vested or delegated to it by virtue of the Association's By-Laws, Articles of Incorporation, Declarations and/or Covenants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING

The Association is a not-for-profit organization, which employs the fund method of accounting on an accrual basis in order to properly account for restrictions on the expenditures resulting from actions of the Board or the homeowners.

These financial statements segregate the accounting for such funds into operating and capital reserve or replacement funds. The disbursements from the operating fund are generally at the discretion of the Board and property managers and are used for operating expenses. The disbursements from the capital reserve or replacement fund generally may only be utilized in accordance with the purposes established.

OWNERS ASSESSMENTS

The assessments or maintenance fees assessed are based on an annual budget as adopted by the Board pursuant to the by-laws of the Association.

CASH AND CASH EQUIVALENTS

The Association considers cash on hand and cash in banks and all other highly liquid debt instruments purchased with original maturities of three (3) months or less to be cash equivalents.

CAPITALIZATION POLICY

The replacements and improvements to the real property and common areas are expensed in the year incurred.

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2010 and 2009

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.

3. ACCOUNTS RECEIVABLE

The Association's accounts receivable represents payments due from delinquent homeowners. The balances are from a few homeowners, some of whom are seriously delinquent. The Association anticipates collecting these balances through its collection efforts, including filing liens and legal actions against these homeowners. The collection of these amounts will be affected by the foreclosure of liens superior to the lien by the homeowner's association such as mortgage lien holders, delinquent property tax liens, and/or bankruptcies by the homeowners.

When the assessments are deemed not collectible, the Association records bad debts using the direct write off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. The management of the Association however, believes that the net uncollectible assessments from any one year is insignificant, and the effect of using the direct write off method is not materially different from the results that would have been obtained under the allowance method.

As of April 30, 2010 and 2009 the Association had assessments receivable of \$25,150 and \$80,496 respectively. It is the opinion of the management that the Association will prevail against the homeowners whose assessments are delinquent and that the net uncollectible assessments from any one year is insignificant, and, accordingly no allowance for uncollectible accounts is deemed necessary.

4. FEDERAL INCOME TAXES

Homeowners' Associations may be taxed either as Homeowners' Associations or regular Corporations.

As a regular Corporation, membership income is exempt from taxation if the required elections are made (such as returning to homeowners excess funds or reducing future assessments). Then the Association is taxed only on its non-membership income (such as interest earnings) at regular federal corporate income tax rates. The Corporate tax rates are graduated based on income levels from a minimum of 15% to a maximum rate of 39%.

As a Homeowners' Association, the Association is taxed on its non-exempt function income (such as interest earnings) at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC
NOTES TO FINANCIAL STATEMENTS
For the Year Ended April 30, 2010 and 2009

The Association elected to file its tax return as a Homeowners' Association for the year ended April 30, 2010.

5. MEMO CAPTIONS

The "Memo" captions, when used on the columns of the combined statements, means totals are presented as an overview and for informational purposes only. They present the financial position, results of operations and statement of cash flows for the Association as a whole but do not present in detail the amounts of the various funds.

6. REPLACEMENT FUNDING PROGRAM

The Association is responsible for repairs and replacement of common property. The support provided by the owners towards these expenses are segregated and accounted for as capital reserve or replacement funds. These funds are held in separate investment accounts, and are generally not used for normal operating expenses.

An independent study to determine the costs and funding program for the replacement of the Association's common areas has not been conducted. Accordingly, the current program may not be sufficient to meet all future replacement costs. Therefore, when replacement funds are needed, the Association, pursuant to the by-laws, may have to increase the monthly assessments, pass special assessments, borrow, or delay replacement until funds are available.

SUPPLEMENTAL SCHEDULES

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC.
ANALYSIS OF ASSESSMENTS, REVENUES AND EXPENSES
PER HOMEOWNER AND AS PERCENTAGE OF ASSESSMENTS
For The Year Ended April 30, 2010

	<u>Amount</u>	<u>Average Per Year Per Home</u>	<u>Average Per Month Per Home</u>	<u>%age of Fees</u>
Assessments and Revenues				
Maintenance fees	\$488,028	\$4,831.96	\$402.66	74.18%
Adjustments and write offs	(49,798)	(493.05)	(41.09)	-7.57%
Late fees & penalties	(66)	(0.65)	(0.05)	-0.01%
Interest income	2,194	21.72	1.81	0.33%
Other income	5,892	58.34	4.86	0.90%
Insurance proceeds from Hurricane Ike	211,649	2,095.53	174.63	32.17%
Total assessments and revenues	657,899	6,513.85	542.82	100.00%
Administrative expenses				
Management services	12,000	118.81	9.90	1.82%
Legal fees, net of recovery	8,381	82.98	6.92	1.27%
Professional fees - audit	1,230	12.18	1.01	0.19%
Administrative expenses	2,000	19.80	1.65	0.30%
Total administrative expenses	23,611	233.77	19.48	3.59%
Contract services				
Trash removal	9,242	91.50	7.63	1.40%
Extermination and pest control	2,190	21.68	1.81	0.33%
Swimming pool	4,092	40.51	3.38	0.62%
Landscape	12,800	126.73	10.56	1.95%
Total contract services	28,324	280.44	23.37	4.31%
Utilities				
Electricity	141,081	1,396.84	116.40	21.44%
Water and sewer	74,545	738.07	61.51	11.33%
Gas	15,662	155.07	12.92	2.38%
Telephone	1,703	16.86	1.41	0.26%
Total utilities	232,991	2,306.84	192.24	35.41%
Facility maintenance and repairs				
Plumbing repairs	15,096	149.47	12.46	2.29%
Building interior	550	5.45	0.45	0.08%
Roof	3,141	31.10	2.59	0.48%
Maintenance payroll expenses	21,950	217.33	18.11	3.34%
Others	9,192	91.01	7.58	1.40%
Total facility maintenance and repairs	49,929	494.35	41.20	7.59%
Insurance	67,214	665.49	55.46	10.22%
Replacement fund expenses	325,209	2,956.45	246.37	49.43%
Federal income tax	707	6.43	0.54	0.11%
Hurricane Ike repairs	297,783	2,707.12	225.59	45.26%
Total expenses	1,025,768	10,156.12	846.34	155.92%
Net assessments and revenues over expenses	(\$367,869)	(\$3,642.27)	(\$303.52)	-55.92%

*The foregoing notes are an integral
part of these financial statements*

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC.
COMPARISON OF ACTUAL TO BUDGET FOR ASSESSMENTS,
REVENUES AND EXPENSES
For The Year Ended April 30, 2010

	Actual	Budget	Variance F (UF)
Assessments and Revenues			
Maintenance fees	\$488,028	\$488,028	-
Adjustments and write offs	(49,798)	(24,396)	(\$25,402)
Late fees & penalties	(66)	480	(546)
Interest income	2,194	1,200	994
Other income	5,892	4,920	972
Insurance proceeds from Hurricane Ike	211,649		211,649
Total assessments and revenues	657,899	470,232	187,667
Administrative expenses			
Management services	12,000	12,000	-
Legal fees, net of recovery	8,381	10,200	1,819
Professional fees - audit	1,230	1,680	450
Administrative expenses	2,000	3,960	1,960
Total administrative expenses	23,611	27,840	4,229
Contract services			
Trash removal	9,242	9,600	358
Extermination and pest control	2,190	2,256	66
Swimming pool	4,092	3,900	(192)
Landscape contract	12,800	13,200	400
Total contract services	28,324	28,956	632
Utilities			
Electricity	141,081	144,000	2,919
Water and sewer	74,545	69,600	(4,945)
Gas	15,662	32,100	16,438
Telephone	1,703	2,424	721
Total utilities	232,991	248,124	15,133
Facility maintenance and repairs			
Plumbing and boiler	15,096	12,000	(3,096)
Building interior	550	1,800	1,250
Roof	3,141	4,200	1,059
Maintenance payroll expenses	21,950	19,620	(2,330)
Others	9,192	17,832	8,640
Total facility maintenance and repairs	49,929	55,452	5,523
Insurance	67,214	67,380	166
Replacement fund expenses	325,209	41,100	(284,109)
Federal income tax	707	1,380	(673)
Hurricane Ike repairs	297,783	-	297,783
Total expenses	1,025,768	\$470,232	38,684
Net assessments and revenues over expenses	(\$367,869)	-	\$226,351

*The foregoing notes are an integral
part of these financial statements*

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC.
ANALYSIS OF ASSESSMENTS,
REVENUES AND EXPENSES
For The Year Ended April 30, 2010 to 2007

	<u>30-Apr-10</u>	<u>30-Apr-09</u>
Assessments and Revenues		
Assessments - Regular	\$488,028	\$488,028
Assessments - Special	-	306,463
Adjustments and write offs	(49,798)	(15,944)
Late fees & penalties	(66)	2,652
Interest income	2,194	4,082
Other income	5,892	4,755
Insurance proceeds from Hurricane Ike	211,649	
Total assessments and revenues	657,899	790,036
Administrative expenses		
Management services	12,000	14,295
Legal fees, net of recovery	8,381	3,654
Professional fees - audit	1,230	2,940
Administrative expenses	2,000	3,596
Total administrative expenses	23,611	24,485
Contract services		
Trash removal	9,242	8,839
Extermination and pest control	2,190	428
Swimming pool	4,092	3,962
Landscape contract	12,800	12,400
Total contract services	28,324	25,629
Utilities		
Electricity	141,081	133,537
Water and sewer	74,545	69,666
Gas	15,662	32,107
Telephone	1,703	1,993
Total utilities	232,991	237,303
Facility maintenance and repairs		
Plumbing and boiler	15,096	13,246
Building exterior	-	-
Building interior	550	200
Access gate	-	-
Roof	3,141	3,967
Porter and janitorial	-	-
Maintenance payroll expenses	21,950	21,428
Others	9,192	6,303
Total facility maintenance and repairs	49,929	45,144
Insurance	67,214	42,901
Replacement fund expenses	325,209	2,194
Federal income tax	707	-
Hurricane Ike repairs	297,783	-
Total expenses	1,025,768	377,656
Net assessments and revenues over expenses	(\$367,869)	\$412,380

*The foregoing notes are an integral
part of these financial statements*

MAISON DE VILLE COUNCIL OF CO-OWNERS, INC.
Analysis of Capital improvements and Replacement Expenses
For The Years Ended April 30, 2010 and 2009

Capital Reserve Component	2010	2009
Hurricane Ike repairs	\$297,783	\$2,194
Insurance proceeds for Hurricane Ike	(211,649)	-
Roof replacement	325,209	-
Total	\$411,343	\$2,194

***The foregoing notes are an integral
part of these financial statements***