

July 28, 2017

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

We have audited the financial statements of Master Community Association, Inc. for the year ended December 31, 2016, and have issued our report thereon. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 17, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Master Community Association, Inc. are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

None noted.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

None noted.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in performing and completing our audit. We did, however, note opportunity for improvement in account controls or procedures as identified in our management comments letter to the board of directors.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information Accompanying the Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

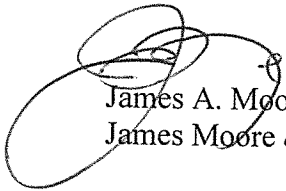
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Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the Board of Directors and management of Master Community Association, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



James A. Moore, CPA  
James Moore & Associates, PC

July 28, 2017

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

In planning and performing our audit of the financial statements of Master Community Association, Inc. for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Master Community Association, Inc.'s internal control relevant to its preparation and fair presentation of the financial statements in order to design 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. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

However, during our audit we became aware of internal control deficiencies less severe than significant deficiencies or material weaknesses and/or other matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated on the financial statements of Master Community Association, Inc..

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various property management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



James A. Moore

**Master Community Association, Inc.**  
**Comments to Management**  
**December 31, 2016**

**1. Controls in the Accounts Payable department**

During our field work we became aware of the following:

- a) Several credit card receipts (food related) were coded to meetings but did not describe the reason for the meeting and /or the name of the company or person with whom the employee was meeting.
- b) Several equipment purchases were coded as expenses instead of assets and vice versa. We recommend having a procedure in place so employees know when to add an expense to either an asset or as an expense. This procedure will help the Association present an accurate list of assets to the County Assessor and depreciation schedule.

**2. Deposit of Cash**

Some deposits coming from events and concessions were made without appropriate supporting documentation. We suggest that management adopt procedures which identify single items that could be easily counted before and after an event to assure better controls over cash receipts.

**3. Accounting - Balance difference**

Since February 2015 the balances between MSI and MCA have shown a \$3,390 difference. The problem was originated when MSI changed software and gave MCA a set of financials that was later revised and MCA was not informed. MSI should make sure all balances are final before giving monthly financials to MCA.

Signature: \_\_\_\_\_

Executive Director, Master Community Association, Inc.