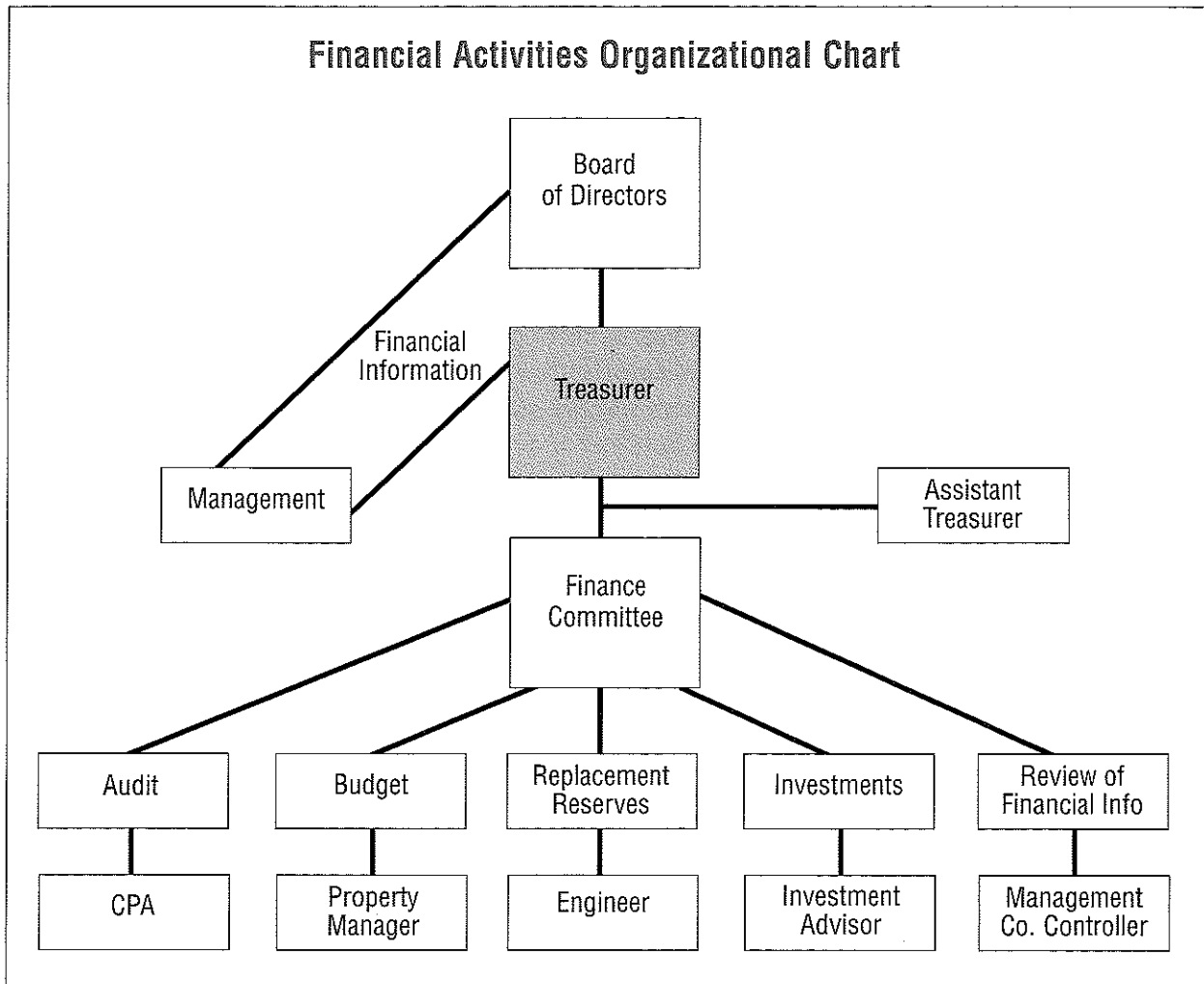
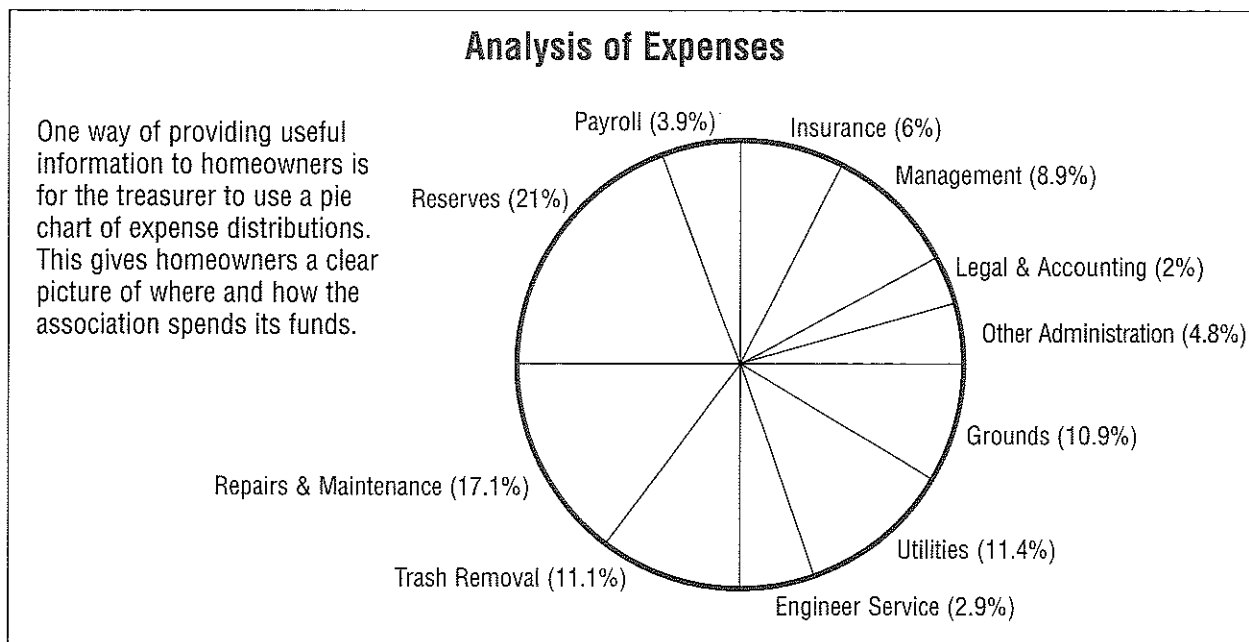


APPENDIX 1: Sample Organizational Chart



APPENDIX 2:—Sample Chart



APPENDIX 3—Sample Report

Auditor's Opinion of an Association's Financial Report

The following is a standard auditor's opinion on an association's financial report. The report contains standard wording required by the American Institute of Certified Public Accountants (AICPA). The third paragraph presents the auditor's opinion. If the auditor has any qualifications, they would appear in this paragraph. The fourth paragraph refers to supplementary data that the AICPA audit guide requires. The date at the bottom of the report refers to the day when the auditor completed the field work.

Independent Auditor's Report

Board of Directors
A Condominium Association, Inc.

We have audited the accompanying Balance Sheets of A Condominium Association, Inc. as of December 31, 1997, and December 31, 1996, and the related Statements of Income, Members' Equity, and Cash Flows for the years then ended. These financial statements are the responsibility of the association. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 the association, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 A Condominium Association, Inc. as of December 31, 1997, and December 31, 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The supplementary information on future major repairs and replacements on page 9 is not a required part of the basic financial statements of A Condominium 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.

February 6, 1998

APPENDIX 4—Sample Letter

Representation Letter

(Independent Auditor's Address)
(Date of Auditor's Report)

(To Independent Auditor):

In connection with your audits of the financial statements of (association name) as of (examination date), and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position and results of operations and cash flows in conformity with generally accepted accounting principles, we confirm, to the best of our knowledge and belief, the following representations made to you during your examination.

1. We are responsible for the fair presentation in the financial statements of the balance sheet and statements of income, members' equity, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting practices, establishing and maintaining internal control, and preventing and detecting fraud.
2. We or our agent has made available to you:
 - A. All financial records and related data
 - B. Minutes of the board of directors meetings, or summaries of actions of recent meetings, or meetings for which no minutes are available

APPENDIX 4—Sample Letter, *continued*

3. There have been no:
 - A. Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in the system of internal accounting controls
 - B. Fraudulent financial reporting or misappropriation of assets involving other employees that could have material effect on the financial statements
 - C. Communication from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements
4. We have no plans or intentions that may materially affect the carrying value of assets, liabilities, or reserve balances. Examples are as follows:
 - A. Major expenditures
 - B. Purchase or sale of fixed assets
 - C. Intent to incur any debt
5. The following have been properly disclosed to you:
 - A. Related party transactions, including transactions with officers, directors, and management company affiliates
 - B. Specific arrangements with financial institutions
6. There are no unasserted claims or assessments that our attorney advised us as being probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 (as defined below in 7B), such as pending or threatened litigation.
7. There are no:
 - A. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - B. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 that defines such contingencies as an existing condition, situation, or set of circumstances involving varying degrees of uncertainty that may, through one or more related future events, result in the acquisition or loss of an asset or the incurrence or avoidance of a liability, usually with the concurrence of a gain or loss.
8. All material financial transactions have been disclosed to you for proper recording in the financial statements.
9. The association has satisfactory title to all assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
11. No undisclosed material events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.
12. We have reviewed the transactions affecting reserves accounts and are in agreement with them.
13. Insurance coverage is considered adequate for any anticipated property damage losses or liability claims.
14. All amounts shown as assessments receivable are valid and fully collectible.
15. The board of directors is collecting funds for future major repairs and replacements in conformity with the association's policy to fund for those needs on a study conducted in (date of reserve study). Accordingly, based on the study, we are responsible for the presentation of supplemental information to the financial statements, about the future major repairs and replacements. The board of directors believes the funds will adequately provide for future major repairs and replacements.
16. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
17. There are no such estimates that may be subject to material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements.

Management Representative _____ Date _____

Board President/Treasurer _____ Date _____