

February 20, 2007

To: The Board of Directors
Stonehill Community Association

The undersigned have recently completed a review of the financial records of our association for the year ending 12/31/06. We would emphasize we are not certified accountants, but we can claim substantially over a total of 100 years working in the business world. We have attempted to be as thorough as possible, but in no way, can guarantee that our review is completely correct. You will note the financial statements are the responsibility of the Board and its' Officers. Our responsibility is to express an opinion on these statements based on our best efforts.

We conducted our audit using standards generally accepted by various businesses. Our audit included obtaining reasonable assurance about whether the financial statements are free of material misstatement, and also included examining on a test basis evidence supporting the amounts and disclosures in the financials.

In our opinion the records furnished to us by your most competent Treasurer present a fair and accurate picture of the association over the past year. After this statement we would address several points that might be of interest to you as an active Board.

Sincerely



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Bob Guthrie
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Tom Bond
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Point of Observation by the Audit Committee:

1. Your Board is very fortunate to have the services of Larry Zettel as Treasurer. He has our overwhelming support and we would hope the Board will continue to use his services as long as he is available.
2. We have no better recommendation for investing funds besides the current ladder of Certificates of Deposit at the American Trust and Savings Bank.
3. Your Board and previous Boards are to be commended in maintaining the necessary reserve funds as you have done. We believe there has only been one special assessment since the Association was formed in or about 1976.
4. We are of the opinion the Board should continue to increase the annual assessment by no less than the increase in the cost of living figure as it is much easier for the residents to absorb than depending on special assessments. In other words, the residents living here now should be paying for their present amenities as well as preparing for the future.
5. We are unaware whether the ability to sell a unit has been impaired by the amount of the annual assessment or future assessments. The Board might address other associations to see how our assessment fits in.
6. We are not a budget committee. However, we would be remiss if we did not mention our full support of your Treasurer's memo to the Board in which he outlined his recommendations for financing the replacement of all the roofs in the complex. We would encourage the Board to have a very positive review of his recommendations.
7. We lastly would suggest to the Board that we have acted as an audit committee for the past three years. Possibly the Board would feel more comfortable with other people on the committee. I can assure you we would be most receptive to be no longer asked to participate.