Goldklang, Cavanaugh & Associates, P.C.
Certified Public Accountants

Principals
Howard A. Goldklang, CPA, MBA
Kevin D. Cavanaugh, CPA
Donald E. Harris, CPA
Anne M. Sheehan, CPA
S. Gail Moore, CPA

MEMBERS OF
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Greater Washington Society of CPAs
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Texas Society of CPAs

Managers
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Allison A. Day, CPA
Jeremy W. Powell, CPA
Renee L. Watson, CPA

Independent Auditor's Report

Board of Directors
The Lauren, A Condominium
Washington, D.C.

We have audited the accompanying Balance Sheet of The Lauren, A Condominium as of December 31, 2007, and the related Statements of Income, Members' Equity, and Cash Flows for the year 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 audit.

Except as discussed in the following paragraph, 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. 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 audit provides a reasonable basis for our opinion.

The Association's financial statements reflect a receivable of $64,735 due from prior management. As of December 31, 2007, we were unable to determine whether this amount was collectible.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to determine the collectibility of the amount due from prior management, the financial statements referred to above present fairly, in all material respects, the financial position of The Lauren, A Condominium as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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The supplementary information on future major repairs and replacements on page 11 is not a required part of the basic financial statements of The Lauren, A Condominium, 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 12, 2009

Goldklang, Cavanaugh & Associates, P.C.

THE LAUREN, A CONDOMINIUM
BALANCE SHEET
DECEMBER 31, 2007

ASSETS

Cash and Cash Equivalents	$	280,893
Interest-Bearing Deposits		786,312
Assessments Receivable		25,572
Due from Prior Management		64,735
Income Taxes Receivable		6,474
Prepaid Expenses		23,582
Fixed Assets - Net		8,006
Total Assets	$	1,195,574

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable - Trade	$	44,562
Accounts Payable - Other		14,230
Prepaid Assessments		16,967
Total Liabilities	$	75,759
Replacement Reserves	$	1,006,211
Unappropriated Members' Equity		113,604
Total Members' Equity	$	1,119,815
Total Liabilities and Members' Equity	$	1,195,574

See Accompanying Notes to Financial Statements

THE LAUREN, A CONDOMINIUM
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2007

INCOME:		
Assessments	$	933,996
Parking		31,418
Rent		17,700
Interest		37,156
Laundry		25,540
Move In Fees		4,593
Other		12,559
Total Income	$	1,062,962
EXPENSES:		
Payroll and Related Benefits	$	355,030
Management		17,136
Legal, Audit and Tax Preparation		13,983
Insurance		42,732
Administrative		15,497
Utilities		237,537
Grounds Maintenance		3,823
Elevator		18,481
HVAC		12,096
Pool		5,047
Building Engineer		4,200
Repairs and Maintenance		92,252
Association Owned Unit		4,095
Property Taxes		1,527
Depreciation		205
Income Taxes		11,139
Total Expenses	$	834,780
Net Income before Contribution to Reserves	$	228,182
Contribution to Reserves		(204,171)
Net Income	$	24,011

See Accompanying Notes to Financial Statements

THE LAUREN, A CONDOMINIUM
STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007

	Replacement Reserves	Unappropriated Members' Equity	Total Members' Equity
Balance as of December 31, 2006	$ 878,264	$ 89,593	$ 967,857
Additions:			
Contribution to Reserves	204,171		204,171
Net Income		24,011	24,011
Deductions:			
Water proofing	(2,500)		(2,500)
HVAC	(28,556)		(28,556)
Pumps	(1,222)		(1,222)
Water Heaters	(2,820)		(2,820)
CCTV	(3,058)		(3,058)
Cooling Tower	(1,700)		(1,700)
Unit Convector	(33,600)		(33,600)
Signs	(817)		(817)
Copier	(1,951)		(1,951)
Balance as of December 31, 2007	$ 1,006,211	$ 113,604	$ 1,119,815

See Accompanying Notes to Financial Statements

THE LAUREN, A CONDOMINIUM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$	24,011
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation		205
Decrease (Increase) in:		
Assessments Receivable		(1,019)
Due from Prior Management		63
Income Taxes Receivable		(5,111)
Prepaid Expenses		8,965
Increase (Decrease) in:		
Accounts Payable - Trade		6,940
Income Taxes Payable		(1,822)
Prepaid Assessments		12,591
Security Deposits		(8,528)
Net Cash Flows from Operating Activities	$	36,295
CASH FLOWS FROM INVESTING ACTIVITIES:		
Received from Assessments (Reserves)	$	168,585
Received from Interest (Reserves)		35,586
Disbursed for Reserve Expenditures		(76,224)
Received from Interest-Bearing Deposits		98,107
Disbursed for Interest-Bearing Deposits		(130,111)
Net Cash Flows from Investing Activities	$	95,943
Net Change in Cash and Cash Equivalents	$	132,238
Cash and Cash Equivalents at Beginning of Year		148,655
Cash and Cash Equivalents at End of Year	$	280,893
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Income Taxes	$	14,750

See Accompanying Notes to Financial Statements

NOTE 1 - NATURE OF OPERATIONS:

The Condominium was organized under the laws of the District of Columbia in 1980 for the purposes of maintaining and preserving the common property of the condominium. The Association is located in Washington, D.C. and consists of 168 units. The Association's Board of Directors administers the condominium operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Method of Accounting - The financial statements are presented on the accrual method of accounting, in which revenues are recognized when earned and expenses when incurred, not necessarily when received or paid.

B) Member Assessments - Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. Any excess assessments at year-end are retained by the Association for use in future years. The Association utilizes the allowance method of accounting for bad debt.

C) Common Property - Real property and common areas acquired from the declarant and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common, and not by the Association. Common property includes, but is not limited to, the exterior structures, mechanical equipment and recreational facilities.

D) Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions. Such estimates affect the reported amounts of assets and liabilities. They also affect the 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.

E) Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid investments and interest-bearing deposits with an original maturity date of three months or less to be cash equivalents.

F) Depreciation - Fixed assets are carried at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

NOTE 3 - REPLACEMENT RESERVES:

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds held are generally not available for expenditures for normal operations.

The Association had a replacement reserve study conducted by an engineer in 2007 and utilizes the component method of funding for replacement reserves. The table included in the Supplementary Information of Future Major Repairs and Replacements is based on this study.

The Association is funding for future major repairs and replacements over the remaining useful lives of the components based on the study's estimates of the replacement costs and considering amounts previously accumulated in the replacement reserves. Accordingly, the funding recommendation of $168,585 from assessments and $35,586 of interest has been included in the 2007 financial statements.

Funds are being accumulated in replacement reserves based on estimates of future needs for repair and replacement of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material; therefore, amounts accumulated in the replacement reserves may or may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

As of December 31, 2007, the Association had designated $1,006,211 for replacement reserves. These designated reserves were funded by cash and interest-bearing deposits.

NOTE 4 - INCOME TAXES:

For income tax purposes, the Association may elect annually to file either as an exempt condominium or as an association taxable as a corporation. As an exempt condominium, the Association's net assessment income would be exempt from income tax, but its interest income would be taxed. Electing to file as a corporation, the Association is taxed on its net income from all sources (to the extent not capitalized or deferred) at normal corporate rates after corporate exemption, subject to the limitation that operating expenses are deductible only to the extent of income from members. For 2007, the income tax was calculated using the corporate method.

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of December 31, 2007, the Association maintained its funds in the following manner:

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS: (CONTINUED)

Institution	Type Account	Cash and Cash Equivalents	Interest-Bearing Deposits	Total
RBC Centura	Checking	$ 41,765	$ -	$ 41,765
RBC Centura	Money Market	128,092		128,092
Smith Barney	Money Fund	98,107		98,107
Chevy Chase	Money Market	12,929		12,929
Principal	Certificate of Deposit		74,390	74,390
Capital One	Certificates of Deposit (2)		132,648	132,648
New South Federal Savings	Certificate of Deposit		64,639	64,639
Key	Certificate of Deposit		73,757	73,757
M&T	Certificate of Deposit		70,001	70,001
Independence	Certificate of Deposit		99,979	99,979
Washington Mutual	Certificate of Deposit		77,736	77,736
Chevy Chase	Certificate of Deposit		97,188	97,188
Eagle	Certificate of Deposit		95,974	95,974
	Totals	$ 280,893	$ 786,312	$ 1,067,205

Account balances at banks are insured by the FDIC for up to $100,000 per financial institution. Amounts in excess of insured limits were approximately $102,500 as of December 31, 2007.

NOTE 6 - FIXED ASSETS-NET:

The condominium unit is being depreciated over an estimated useful life of thirty years using the straight-line method. The depreciation expense for 2007 was $205.

Condominium Unit	$ 47,482
Land	8,006
Less: Accumulated Depreciation	(47,482)
Fixed Assets - Net	$ 8,006

NOTE 7 - DUE FROM PRIOR MANAGEMENT:

During 2005, unsupported cash adjustments were recorded in the Association's accounting records totaling $4,490. During 2006, homeowner assessment receipts of $60,245 were not deposited in the Association's accounts. These amounts have been recorded as Due From Prior Management of $64,735.

NOTE 8 - MANAGEMENT CHANGE:

The Association changed financial management agents. Effective, January 1, 2007, Simmons Management became the new financial management agent.

The Association's former managing agent, Koger Management Group, Inc. DBA Tri-State Management filed for Chapter 11 Bankruptcy (Reorganization) on July 26, 2007.

NOTE 9 - SUBSEQUENT EVENTS:

Subsequent to year-end, the Association approved contracts for waterproofing in the amount of $20,000 and garage door replacement in the amount of $6,585. The Association also made a down payment to have the hallways renovated in the amount of $5,000. These expenditures will be funded by reserves.

THE LAUREN, A CONDOMINIUM
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2007
(UNAUDITED)

The Association had a replacement reserve study conducted by an engineer during 2007 to estimate the remaining useful lives and the replacement costs of the components of common property. The Association utilizes the cash flow method of funding for replacement reserves. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated replacement costs take into account the effects of inflation between the date of the study and the date the components will require repair or replacement. The study does not present the estimated remaining useful lives in a format that can be summarized. Therefore, the estimated remaining useful lives of the common property components are not presented below.

The following has been extracted from the Association's replacement reserve study and presents significant information about the components of common property.

Component	2007 Estimated Replacement Costs
Exterior	$ 721,975
Interior	625,180
Building Services	2,093,200
Property Site	211,600
Pool	115,000
Garage	102,560
Reserve Study	4,200

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Management Letter

This communication is intended solely for the information and use of management and the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

July 14, 2008

Board of Directors
The Lauren, A Condominium
Washington, D.C.

Dear Board Members:

In connection with our examination of the financial statements of The Lauren, A Condominium for the year ended December 31, 2007, we make the following comments and recommendations.

Crime Coverage

We recommend the Association meet with its insurance agent at least annually to discuss coverage and to make sure that the coverage provides the necessary and appropriate protection. In addition, the Association must get a clear understanding of the process necessary for prompt payment should an event occur and a claim becomes necessary. The Association should maintain crime coverage that equals or exceeds the total of its funds. It should be structured to include a defalcation or misappropriation committed by a Board member, an employee of the Association, or employees of the management company, including principals.

Due from Prior Management

The Association's financial statements include a Due from Prior Management of $64,735. The balance in this account stems from the following transactions.

A) Portion of the July 31, 2005 unsupported cash adjustment to Office Supplies expense labeled as "BANK FEES" of $4,490. This amount was reported to the Association in the 2005 audit and was not resolved during 2006.

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B) $60,245 of homeowner assessment payments remitted by ACH and VISA during 2006 were posted to owners' accounts but were not deposited in the Association's checking account at year end. These payments were initially processed and deposited through Koger Management Group, Inc.'s control account.

We recommend the Association pursue a refund for these funds from Koger Management Group, Inc. In addition, the Association should continue to discuss this matter with its attorney and its insurance carrier.

Accounts Payable - Other

On September 30, 2005, an unsupported adjustment to Assessments Receivable and Accounts Receivable - Other of $14,230 was recorded in the financial records. We were unable to obtain supporting documentation for this entry. This amount was reported to the Association in the 2005 audit and was not resolved during 2007.

Assessments Receivable

The Association's assessments receivable balance of $25,572 represents approximately 3% of annual assessments. Assessments receivable, at a level of 3% or less of annual assessments, indicates good collection procedures and has a positive impact on cash flow. We recommend the Association continue to aggressively pursue all delinquent accounts.

Additionally, the assessments receivable and prepaid assessments were not netted in each unit owner's account resulting in the accounts being overstated. We recommend the Association review each account and make sure the correct amount is recorded on the general ledger.

Bank Reconciliations Not Completed

Bank reconciliations do not appear to have been prepared correctly for all of 2007. There are several miscellaneous transactions recorded on the reconciliation with no detailed listing of the individual outstanding checks and deposits. It is our understanding after speaking with management that the reconciliations have been prepared correctly in 2008. We recommend that the Association investigate the outstanding checks and deposits in transit to determine if the amounts are still valid or if the amounts should be written off.

Rental Agreement

The Association owed unit is being rented. Based on the lease (dated and signed June 9, 2007), the monthly lease payments and security deposit showed $1,600 each. The actual monthly rent change for all of 2007 was $1,500 per month. The Association should decide if this issue needs to be pursued. For 2008, the $1,600 fee was charged.

Security Deposits

As of December 31, 2007, the Association had security deposits of $1,400 listed on its balance sheet. We were unable to obtain a detailed listing of deposits to support this balance. We recommend the Association develop and maintain a detailed listing of these security deposits. In addition, consideration should be given to charging non-refundable fees rather than deposits.

Income Taxes

For 2007, the Association filed using the corporate method.

We shall be pleased to discuss our comments and recommendations in greater detail and we are always available to give advice on any financial matter. Please do not hesitate to contact us if there are any questions regarding proper accounting procedures or the implementation of our suggested changes.

Very truly yours,

Goldklang, Cavanaugh & Associates, P.C.
GOLDKLANG, CAVANAUGH & ASSOCIATES, P.C.

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Communication of Significant Deficiencies and/or Material Weaknesses under SAS No. 112
This communication is intended solely for the information and use of management and the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

July 14, 2008

Board of Directors
The Lauren, A Condominium
Washington, D.C.

Dear Board Members:

In planning and performing our audit of the financial statements of The Lauren, A Condominium as of December 31, 2007 and for the year then ended, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we noted certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following to be significant deficiencies in internal control.

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Due from Prior Management

The 2007 audit opinion was qualified because of our inability to determine the collectibility of the amount due from prior management. This receivable was $64,735 as of December 31, 2007.

Prior Year Audit Adjustments

The approved 2006 audit adjustments were not posted to the Association's accounting records. We proposed adjustments to record these entries during the 2007 audit.

Modified Cash Basis of Accounting Used

The Association's accounting records are maintained on a modified cash basis of accounting throughout the year. We have proposed several material adjustments to present the financial statements on the accrual basis of accounting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the above deficiencies constitute material weaknesses.

Very truly yours,

Goldklang, Cavanaugh & Associates, P.C.

GOLDKLANG, CAVANAUGH & ASSOCIATES, P.C.

Goldklang, Cavanaugh & Associates, P.C.
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Communication with Those Charged with Governance under SAS No. 114

This communication is intended solely for the information and use of management and the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

July 14, 2008

Board of Directors
The Lauren, A Condominium
Washington, D.C.

Dear Board Members:

We have audited the financial statements of The Lauren, A Condominium as of December 31, 2007 and for the year then ended and have issued our report thereon. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and through discussions with management or the board of directors.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

The Association is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used

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by the Association are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by the Association and are based on the Association'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. There were no significant accounting estimates for the year under audit.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosure of prior management receivable in note 7 and subsequent events in note 9.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with the Association or management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The adjusting journal entries have been provided to the Association. The journal entries are material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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.

Management and Board of Directors Representations

We have requested certain representations from management and the board of directors that are included in the representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Very truly yours,

Goldklang, Cavanaugh & Associates, P.C.

GOLDKLANG, CAVANAUGH & ASSOCIATES, P.C.

The Lauren, A Condominium

Date 12 FEBRUARY 09

GOLDKLANG, CAVANAUGH & ASSOCIATES, P.C.
1801 Robert Fulton Drive, Suite 200
Reston, Virginia 20191

1907

Dear Auditors:

We are providing this letter in connection with your audits of the financial statements of **The Lauren, A Condominium** as of **December 31, 2007 and 2006**, and for the years 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 accounting principles generally accepted in the United States of America. You were previously provided with a representation letter dated July 14, 2008. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

No events have occurred subsequent to December 31, 2007 and through the date of this letter that would require adjustment to or disclosure in the financial statements.

Management Representative:

[signature]	WALTER JAMES KAUFMAN
Signature	Printed Name

RECEIVED
FEB 1?
GOLDKLANG CAVANAUGH & ASSOCIATES

Representation Letter
This letter needs to be signed by the Board President or Treasurer and management representative, if applicable, and returned to our office within 60 days.

The Lauren, A Condominium

Date *10 October 08*

RECEIVED
OCT 20 2008
GOLDKLANG CAVANAUGH & ASSOCIATES

GOLDKLANG, CAVANAUGH & ASSOCIATES, P.C.
1801 Robert Fulton Drive, Suite 200
Reston, Virginia 20191

Dear Auditors:

1907

We are providing this letter in connection with your audit of the financial statements of **The Lauren, A Condominium** as of **December 31, 2007**, 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 accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, **to the best of our knowledge and belief,** the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. Because of our limited expertise with generally accepted accounting principles, including financial statement disclosure, we have engaged you to advise us in fulfilling this responsibility.

2. We have made available to you all –
   A) Financial records and related data.
   B) Minutes of meetings of the Board of Directors.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. There are no material transactions that have not been properly recorded in accounting records underlying the financial statements.

5. We are in agreement with the adjusting journal entries you have recommended, and they have been posted to the Association's accounts, if appropriate.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

7. Except for Koger Management, we have no other knowledge of any fraud or suspected fraud affecting the Association involving:
   A) management,
   B) employees who have significant roles in internal control, or
   C) others where the fraud could have a material effect on the financial statements.

8. Except for Koger Management, we have no other knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, owners, regulators, or others.

9. The Association has no undisclosed plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

10. The following have been properly recorded or disclosed in the financial statements –
    A) Related party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangement, and guarantees.
    B) Guarantees, whether written or oral, under which the Association is contingently liable.

11. There are no estimates that may be subject to a 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. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Association vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements. We understand that concentrations include individual or group concentrations of sources of labor, services, suppliers or lenders. We further understand that severe impact means a significantly financially disruptive effect on the normal functioning of the Association.

12. Except for legal issues disclosed to you, there are no other -
    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 liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
    C) Pending or threatened litigation, claims or unasserted claims that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No. 5, and we have not consulted a lawyer concerning litigation or claims.

13. The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged, except as made known to you and disclosed in the notes to the financial statements.

14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

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 based on a study conducted in 2003. The board of

directors believes the funds will adequately provide for future major repairs and replacements. We are responsible for the fair presentation of the supplemental information accompanying the financial statements about future major repairs and replacements.

16. We understand that the Association is responsible for the choice of income tax filing method and the consequences thereof. The Association's allocation of expenses against membership and non-membership income conforms to IRS rules, which require that the allocation be made "on a reasonable and consistently applied basis." We have adequately documented such allocation. If the Association has excess membership income in the current year the Association, for tax purposes, has elected to either (a) offset it against next year's assessments or (b) refund it to members. We have adequately documented such election in the current year.

17. We have reviewed the transactions affecting replacement reserves (including inter-equity transfers). We are in agreement with them and they are properly authorized and approved.

18. Based on the advice of an insurance professional, insurance coverage is considered adequate for any anticipated property damage losses or liability claims.

19. Assessments receivable recorded in the financial statements represent valid claims against debtors for assessments or other charges arising on or before the balance sheet date and have been reduced to their estimated realizable value.

20. If we intend to print a portion of your report (not in its entirety), we will notify you in advance, and you will have the opportunity to review such printed material before its issuance.

21. We have disclosed to you all material events, if any, that would require adjustments to, or disclosure in, the financial statements. In addition, we represent that no other material events have occurred since you completed your audit fieldwork on June 6, 2008 and through the date of this letter. Examples of material events include, but are not limited to, contracts for replacement reserve expenditures, losses due to a fire, changes in ongoing litigation or new litigation and approval of special assessments. Material events that have occurred are:

The Lauren, A Condominium
December 31, 2007

Management Representative:

Signature (AGENT FOR THE LAUREN) — Printed Name: WALTER JAMES KROWMAN

President/Treasurer:

Signature — Printed Name: John M. Filice