



Focus. Dedication. Relationships.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS ADVISORS

August 18, 2011

Board of Directors
Dana Point Condominium Association
c/o Ms. Janice Costa
Property Specialists, Inc.
1519 East Central Road
Arlington Heights, IL 60005

Dear Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for Dana Point Condominium Association for the year ended December 31, 2011.

We will audit the balance sheets of Dana Point Condominium Association as of December 31, 2011, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended. The document we submit to you [will OR will not] include supplementary information about future major repairs and replacements required by the American Institute of Certified Public Accountants. Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it.

We will also prepare the Dana Point Condominium Association's federal and state income tax returns for the year ended December 31, 2011.

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States) and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected owners, creditors, and financial institutions. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We will also request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any other violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality



agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We are also responsible for determining that those charged with governance are informed about certain other matters related to the conduct of the audit, including (i) our responsibility under auditing standards generally accepted in the United States of America, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of the Organization's significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures; and (d) other significant and relevant findings or issues (e.g. any disagreements with management about matters that could be significant to the Organization's financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly we are responsible for ensuring that those charged with governance receives copies of certain written communications between us and management including written communications on accounting, auditing, internal control or operational matters and representations that we are requesting from management.

This letter will serve as the Association's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between Frost, Ruttenberg & Rothblatt, P.C. ("FR&R") and outside specialists or other entities engaged by either FR&R or the Association. The Association acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and thus, confidentiality of the transmitted information could be compromised through no fault of FR&R.

Management Responsibilities

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee the tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows



in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations.

Audit Administration, Fees, and Other

Steven Silberman and Kimberley Waite are the engagement partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for these services will range from **\$7,500 to \$8,000** for the audit and for the tax returns. The fee estimate is based on anticipated cooperation from your personnel and the prior accountant and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Invoices for our services will be rendered monthly and are payable within 30 days. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. We will not be responsible for any damages of any type as a result of our stoppage of work due to non-payment of our fees. If we terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notice of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.



Dana Point Condominium Association

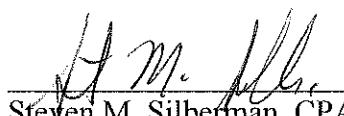
August 18, 2011

Page 5

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

FROST, RUTTENBERG & ROTHBLATT, P.C.



Steven M. Silberman, CPA

/gar
Enclosures

RESPONSE:

This letter correctly sets forth the understanding of **DANA POINT CONDOMINIUM ASSOCIATION:**

Signature: 

Title: President

Date: 11/7/2011

