

Goldklang Group

CPAs, P.C.

Principals

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

1801 Robert Fulton Drive, Suite 200
Reston, VA 20191

Managers

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

Independent Auditor's Report

Board of Directors
Truro Homes Association
Annandale, Virginia

We have audited the accompanying statements of Assets and Equity arising from cash transactions of Truro Homes Association as of December 31, 2009 and 2008, and the related statements of Revenue and Expenses, and Changes in Members' Equity 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 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 audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Assets and Equity arising from cash transactions of Truro Homes Association as of December 31, 2009 and 2008, and its Revenue and Expenses, and Changes in Members' Equity during the years then ended, on the basis of accounting described in Note 2.

The supplementary information on future major repairs and replacements on page 8 is not a required part of the basic financial statements of Truro Homes Association, but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Goldklang Group CPAs, P.C.

May 12, 2010

TRURO HOMES ASSOCIATION
STATEMENTS OF ASSETS AND EQUITY
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 215,044	\$ 173,142
Investments	<u>-</u>	<u>49,692</u>
Total Assets	<u>\$ 215,044</u>	<u>\$ 222,834</u>
<u>MEMBERS' EQUITY</u>		
Replacement Reserves	\$ 232,733	\$ 232,490
Unappropriated Members' Equity (Deficit)	<u>(17,689)</u>	<u>(9,656)</u>
Total Members' Equity	<u>\$ 215,044</u>	<u>\$ 222,834</u>

See Accompanying Notes to Financial Statements

TRURO HOMES ASSOCIATION
STATEMENTS OF REVENUE AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			2008		
	THA	TCC	Total	THA	TCC	Total
INCOME:						
Assessments	\$ 82,500	\$ 164,000	\$ 246,500	\$ 78,243	\$ 155,540	\$ 233,783
Interest	3,461		3,461	7,022		7,022
TCC Lease		4,105	4,105		3,780	3,780
Other	2,456	2,235	4,691	2,543	5,360	7,903
Total Income	<u>\$ 88,417</u>	<u>\$ 170,340</u>	<u>\$ 258,757</u>	<u>\$ 87,808</u>	<u>\$ 164,680</u>	<u>\$ 252,488</u>
EXPENSES:						
Record Keeper	\$ 3,000	\$ 3,000	\$ 6,000	\$ 3,450	\$ 3,450	\$ 6,900
Treasurer	1,625	1,625	3,250	1,545	1,545	3,090
Legal and Audit	3,223		3,223	4,022		4,022
Insurance	16,240	6,006	22,246	14,806	5,476	20,282
Internet Site	335		335	303		303
Office Supplies	3,906		3,906	3,676		3,676
Publicity and Newsletter	2,750		2,750	4,119		4,119
Membership Fees	464		464	464		464
Gas		1,897	1,897		1,987	1,987
Telephone		1,091	1,091	251	942	1,193
Electricity		5,462	5,462		4,934	4,934
Water and Sewer		2,403	2,403		1,871	1,871
Parkland Maintenance	20,264		20,264	18,607		18,607
Landscaping		14,045	14,045		12,958	12,958
Facility Maintenance		4,413	4,413		4,305	4,305
Swim and Dive Team		10,186	10,186		9,788	9,788
Gatekeeper		660	660		780	780
Repairs and Maintenance		16,688	16,688		16,268	16,268
Social Activities	1,657		1,657	4,032		4,032
Chemicals and Supplies		9,492	9,492		11,896	11,896
Pool Management		62,332	62,332		56,899	56,899
Pool Furniture		5,646	5,646		5,179	5,179
Security	524		524	524		524
Taxes, Permits and Licenses	1,325		1,325	1,239		1,239
Total Expenses	<u>\$ 55,313</u>	<u>\$ 144,946</u>	<u>\$ 200,259</u>	<u>\$ 57,038</u>	<u>\$ 138,278</u>	<u>\$ 195,316</u>
Net Income before Contribution to Reserves and Interest Contribution to Reserves	\$ 33,104	\$ 25,394	\$ 58,498	\$ 30,770	\$ 26,402	\$ 57,172
Contribution to Reserves	(28,420)	(34,650)	(63,070)	(31,420)	(37,650)	(69,070)
Interest Contribution to Reserves	(3,461)		(3,461)	(7,022)		(7,022)
Net Income (Loss)	<u>\$ 1,223</u>	<u>\$ (9,256)</u>	<u>\$ (8,033)</u>	<u>\$ (7,672)</u>	<u>\$ (11,248)</u>	<u>\$ (18,920)</u>

TRURO HOMES ASSOCIATION
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>Replacement Reserves</u>	<u>Unappropriated Members' Equity (Deficit)</u>	<u>Total Members' Equity</u>
Balance as of December 31, 2007	\$ 273,613	\$ 9,264	\$ 282,877
Additions:			
Contribution to Reserves	69,070		69,070
Interest Contribution to Reserves	7,022		7,022
Deductions:			
Tennis Court Resurfacing	(81,575)		(81,575)
Under Deck Roof System	(6,400)		(6,400)
Subsurface Exploration/Engineering	(5,805)		(5,805)
Basketball Court	(4,485)		(4,485)
Gazebo Repair	(3,125)		(3,125)
Pool Drain Modification	(7,186)		(7,186)
Drainage	(4,799)		(4,799)
Bridge Repair	(3,840)		(3,840)
Net Loss		(18,920)	(18,920)
Balance as of December 31, 2008	\$ 232,490	\$ (9,656)	\$ 222,834
Additions:			
Contribution to Reserves	63,070		63,070
Interest Contribution to Reserves	3,461		3,461
Deductions:			
Playground	(7,600)		(7,600)
Filter Tanks	(3,332)		(3,332)
Whitecoating	(52,856)		(52,856)
Gas Furnace	(2,500)		(2,500)
Net Loss		(8,033)	(8,033)
Balance as of December 31, 2009	<u>\$ 232,733</u>	<u>\$ (17,689)</u>	<u>\$ 215,044</u>

See Accompanying Notes to Financial Statements

TRURO HOMES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - NATURE OF OPERATIONS:

The Association is organized under the laws of the Commonwealth of Virginia for the purpose of maintaining and preserving the common property of the Association. It is located in Annandale, Virginia and consists of 377 homes. The Association's Board of Directors administers the Association operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Method of Accounting - The financial statements are presented on the cash basis of accounting in which revenues are recognized when received and expenses when paid, rather than when earned or incurred. The Association's income statement is divided into two columns to separately reflect the activity for the general operations of the Association and the recreational facilities. Those categories are as follows:

- THA (Truro Homes Association) - This fund is used to account for financial resources available for the general operations of the Association.
- TCC (Truro Community Center) - This fund is used to account for financial resources available for the general operation of the recreational facilities of Truro Community Center.

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.

C) Common Property - Common real property and common areas acquired from the declarant and related improvements to such property are not recorded in the Association's financial statements since the property cannot be disposed of at the discretion of the Board of Directors. Common property includes, but is not limited to, the land and recreational facilities.

D) Cash Equivalents - 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.

NOTE 3 - REPLACEMENT RESERVES:

The Association's governing documents do not require that funds be accumulated for future major repairs and replacements; however, the Association has elected to set aside funds for replacement reserves. Accumulated funds are generally not available for expenditures for normal operations.

TRURO HOMES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 3 - REPLACEMENT RESERVES: (CONTINUED)

The Association had a replacement reserve study conducted by Miller Dodson Associates, Inc. in 2009. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on this study.

The study recommends a contribution to reserves of \$58,562 for 2009. For 2009, the Association budgeted to contribute \$63,070 to reserves. In addition, the Association contributed interest income of \$3,461 to reserves.

Funds are being accumulated in replacement reserves based on the replacement reserve study. 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, 2009 and 2008, the Association had designated \$232,733 and \$232,490, respectively, for replacement reserves. These designated reserves were not fully funded due to a deficit in unappropriated members' equity.

NOTE 4 - INCOME TAXES:

The Association is a non-stock, nonprofit association that holds tax-exempt status under Section 501(c)(4) of the Internal Revenue Code. No provision for income taxes is required, since the Association has no unrelated business income.

Effective January 1, 2009, the Association has adopted Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 740-10, formerly FIN 48, Accounting for Uncertainty in Income Taxes. The Association's policy is to recognize any tax penalties and interest as an expense when incurred. For the years ended December 31, 2009 and 2008, the Association did not incur any penalties and interest related to income taxes. The Association's federal tax returns for the past three years remain subject to examination by the Internal Revenue Service.

NOTE 5 - CASH AND CASH EQUIVALENTS:

As of December 31, 2009, the Association maintained its funds in the following manner:

TRURO HOMES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 5 - CASH AND CASH EQUIVALENTS: (CONTINUED)

<u>Institution</u>	<u>Type Account</u>	<u>Cash and Cash Equivalents</u>
PNC Bank	Checking	\$ 8,341
PNC Bank	Money Market	33,439
ING Direct	Savings	<u>173,264</u>
	Total	<u>\$ 215,044</u>

NOTE 6 - RELATED PARTY TRANSACTIONS:

During 2009 and 2008, the Association paid two members of the Association for their services as treasurer and record keeper. The treasurer also performed other miscellaneous services for the Association. For 2009 and 2008, the Association paid approximately \$6,000 and \$3,090, respectively, for treasurer and other services. In addition, for 2009 and 2008, the Association paid \$6,000 and \$6,900, respectively, for record keeping.

NOTE 7 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 12, 2010, the date the financial statements were available to be issued.

TRURO HOMES ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2009
(UNAUDITED)

The Association had a replacement reserve study conducted by Miller Dodson Associates, Inc. during 2009 to estimate the remaining useful lives and the replacement costs of the components of common property. 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 do not take into account the effects of inflation between the date of the study and the date the components will require repair or replacement.

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

<u>Component</u>	<u>2009 Estimated Remaining Useful Life (Years)</u>	<u>2009 Estimated Replacement Cost</u>
Site Improvements	0-25	\$ 522,494
Swimming Pool	0-31	595,768
Club House Exterior	0-28	121,333
Club House Interior	0-27	100,221
Club House Extension Exterior	7-47	30,642

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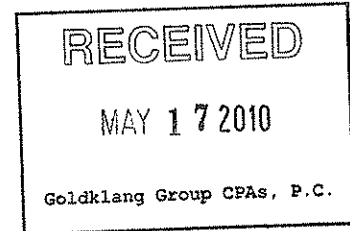
Representation Letter

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.

Truro Homes Association

Date MAY 12, 2010

GOLDKLANG GROUP CPAs, P.C.
1801 Robert Fulton Drive, Suite 200
Reston, Virginia 20191



Dear Auditors:

We are providing this letter in connection with your audits of the financial statements of **Truro Homes Association** as of **December 31, 2009 and 2008**, 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 statements of Assets and Equity arising from cash transactions and the related statements of Revenue and Expenses and Changes in Members' Equity. These statements are presented in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the financial statements. 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 audits:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
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. We have no 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. We have no 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. We are responsible for the fair presentation of the supplemental information accompanying the financial statements about future major repairs and replacements. The Association had a study conducted in 2009. 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 Board of

Directors, on behalf of the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

16. The Association is a non-stock, nonprofit organization, which holds tax-exempt status under Section 501(c)(4) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Association's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
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. 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.
20. 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 April 23, 2010 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:

Truro Homes Association
December 31, 2009 and 2008

Management Representative:

Signature

Printed Name

segb

President/Treasurer:

x *J. Hampton Oberle*
Signature

J. HAMPTON OBERLE
Printed Name

Goldklang & Group

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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.

April 29, 2010

Board of Directors
Truro Homes Association
Annandale, Virginia

Dear Board Members:

In connection with our examination of the financial statements of Truro Homes Association for the year ended December 31, 2009, we make the following comments and recommendations.

Financial Analysis

As of December 31, 2009, the Association had a deficit of \$17,689 in unappropriated members' equity (operating funds). This resulted from the current and prior year operating losses. The Association should develop a budget that will cover all operating costs and fully fund replacement reserves. We also recommend the Association accumulate excess operating funds to a level of 10% to 20% of annual assessments. This procedure will ensure that potential operating deficits will not consume funds designated for replacement reserves.

The designated replacement reserves of \$232,733 were not fully funded due to the deficit in unappropriated members' equity.

Swim and Dive Teams

The Association makes annual contributions to the swim and dive teams, which are recorded in the expense section of the Association's financial statements. The swim and dive teams' transactions are not included in the Association's financial statements. In 2009, the Association issued 1099s to swim and dive team contractors and used the Association's federal identification number on the teams' bank accounts. The contractors do not perform services for the Association and the bank accounts are not included in the Association's financial statements. Therefore, the 1099s should not be issued by the Association, and the bank accounts should reflect the federal identification numbers of the teams, rather than the Association. We recommend the Association consult an attorney regarding the governance of these teams.

Detailed Minutes of Board Meetings

Minutes of board meetings are important records of the decisions concerning areas of the Association's business and financial affairs. A review of the Association's minutes for 2009 showed good form. We recommend the Association continue to maintain financially detailed minutes.

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.

Federal Deposit Insurance Corporation (FDIC)

Effective October 3, 2008 through December 31, 2013, the FDIC insures bank accounts for up to \$250,000 per financial institution. At times throughout the year, the Association's account balances may exceed this limit. We recommend the Association monitor its accounts and immediately transfer funds in excess of the FDIC limit to other institutions or Treasury instruments so all Association funds will be insured. The Association should also periodically check the ratings for all financial institutions used by the Association.

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 Group CPAs, P.C.

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Goldklang & Group

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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.

April 29, 2010

Board of Directors
Truro Homes Association
Annandale, Virginia

Dear Board Members:

We have audited the financial statements of Truro Homes Association as of December 31, 2009 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 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. There were no significant disclosures to the financial statements for the year under audit.

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 Group CPAs, P.C.

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Communication of Significant Deficiencies and/or Material Weaknesses under SAS No. 115

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.

April 29, 2010

Board of Directors
Truro Homes Association
Annandale, Virginia

Dear Board Members:

In planning and performing our audit of the financial statements of Truro Homes Association as of December 31, 2009 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 and therefore can be no assurance that all such deficiencies have been identified. However, as discussed below, we noted certain deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Segregation of Duties

The Association has a limited number of individuals performing the accounting functions. This limited number of individuals prevents the Association from segregating all accounting functions.

Cash Basis of Accounting Used

The Association's books are maintained on a cash basis of accounting throughout the year. The Association's financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Very truly yours,

Goldklang Group CPAs, P.C.

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