

SHAREHOLDERS:

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Armstrong, Vaughan & Associates, P.C.  
Certified Public Accountants

To the Board of Directors and Management  
NBRC Property Owners Association, Inc.

We have audited the financial statements of NBRC Property Owners Association, Inc. as of and for the year ended December 31, 2016 and have issued our report thereon dated May 15, 2017 standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated January 27, 2017 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, 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 its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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, as part of our audit, we considered the internal control of NBRC Property Owners Association, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement teams, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Association's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

There were no significant accounting estimates affecting the financial statements.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting NBRC Property Owners Association, Inc.'s financial statements relates to future major repair and replacement expenses.

## **Significant Difficulties Encountered during the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. However, we did assist management in posting 2017 assessment collections in December 2016 to prepaid assessments.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to NBRC Property Owners Association, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the separate letter dated May 15, 2017.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

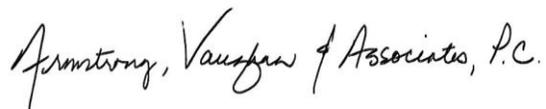
In the normal course of our professional association with NBRC Property Owners Association, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Association, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as NBRC Property Owners Association, Inc.'s auditors.

During the current audit, we became aware of an opportunity to enhance the operations of the Association with the following suggestion:

As noted in the previous year, some capital improvement fees were charged to homeowners. An additional amount of \$150 was charged in 2016 for a total of \$1,500 reported as other payable on the balance sheet. The Board may want to review these charges and decide on an appropriate disposition such as a refund or credit to the homeowners who paid it.

This information is intended solely for the use of Board of Directors and management of NBRC Property Owners Association, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Armstrong, Vaughan & Associates, P.C.

May 15, 2017