



Galanis & Co.

CHARTERED ACCOUNTANTS, FORENSIC AND LITIGATION SUPPORT SERVICES

BY HAND

May 1, 2012

The Board of Directors

SANDYPORT HOMEOWNERS ASSOCIATION LIMITED

Sandy Port

New Providence, Bahamas

Dear Sirs:

Re: Quarterly Review - First ended March 31, 2012

We have conducted a review of the financial records of Sandyport Homeowners Association Limited (the Company”) as required under the terms of our engagement. The Company’s financial statements are maintained on QuickBooks accounting software. We reviewed the Company’s financial statements for the Quarter ended March 31, 2012 and discussed the results of operation for that period with Mr. Simon Cooper, General Manager of the Company.

The profit and loss statement for the quarter ended March 31, 2012 and balance sheet as of March 31, 2012 were compared to the same period in 2011 to determine if there were any exceptional changes. All significant variations were discussed with Mr. Cooper.

Our findings and observations are detailed below:

Cash at Bank:

All bank accounts have been reconciled.

Accounts receivable:

We reviewed the aged accounts receivable at March 31, 2012 and noted (1) the ageing of the receivables, (2) the larger account balances and (3) the credit balances in the schedule.

Local in Touch, Global in Reach

7 Buckner • Olde Towne, Sandyport • P.O. Box N-3205 • Nassau, Bahamas

Phone: 242.327.0689* Fax: 242.327.0696* E-Mail: info@hlbgalanis.com* Website: www.hlbgalanis.com

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Mr. Cooper answered all questions regarding the three items above. The bad debt provision was reviewed and is considered adequate.

Accounts payable:

We reviewed the aged accounts payable at March 31, 2012 and noted that the Company has a tendency to pay its bills punctually. There were no issues involving the accounts payable.

Equity:

As the Company is a non-profit organization, the periodic reclassification of retained earnings to the account Special Reserve is considered to be both accurate and adequate.

Share capital account:

We would like to address the question that was raised in connection with the shares of the Company that were authorized, issued and outstanding at December 31, 2011. As you are aware, the number of **authorized** shares is 5,000 although that is not the amount of shares that were either issued or outstanding at December 31, 2011. We are pleased to confirm that after further review of your corporate records, with particular reference to the share register, the number of shares that were **issued** and **outstanding** at December 31, 2011 amounted to 357. We suggest that the presentation of the Equity section of the balance sheet should be amended at December 31, 2012 with the comparative number inserted to depict 357 shares at December 31, 2011. For the latter date, this will require a debit to the share capital account for the net amount of \$5,000 less the number of shares outstanding at that date (357) times \$1 par value per share (i.e. \$5,000 minus \$357 or \$4,643) and a credit for a similar amount to the Special Reserve account.

We would be pleased to discuss these matters with you if you have any questions.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Philip C. Galanis", followed by a period.

Philip C. Galanis
Managing Partner

SANDYPORT HOMEOWNERS ASSOCIATION LIMITED
CLASSIFIED BALANCE SHEET
AS OF MARCH 31, 2012
(Unaudited)

	<u>Mar 31, 2012</u>	<u>Mar 31, 2011</u>
ASSETS		
Total current assets	\$ 983,760.98	\$ 768,515.02
Fixed assets	118,283.30	130,623.60
Other assets	32,012.52	28,434.52
TOTAL ASSETS	<u><u>\$ 1,134,056.80</u></u>	<u><u>\$ 927,573.14</u></u>
LIABILITIES & EQUITY		
Total current liabilities	\$ 634,686.83	\$ 566,292.97
Equity	499,369.97	361,280.17
TOTAL LIABILITIES & EQUITY	<u><u>\$ 1,134,056.80</u></u>	<u><u>\$ 927,573.14</u></u>

SANDYPORT HOMEOWNERS ASSOCIATION LIMITED
CLASSIFIED STATEMENT OF PROFIT & LOSS
FOR THE QUARTER ENDED MARCH 31, 2012
(Unaudited)

	<u>Mar 31, 2012</u>	<u>Mar 31, 2011</u>
Total income	\$ 760,436.94	\$ 766,901.11
Cost of goods sold	<u>611,674.94</u>	<u>585,570.69</u>
Gross profit	148,762.00	181,330.42
Total expenses	74,574.38	89,614.01
Net Income	<u><u>\$ 74,187.62</u></u>	<u><u>\$ 91,716.41</u></u>