

*Heather Brown CPA
4947 Lazy Timbers Dr.
Humble, TX 77346*

To: Saddlecreek Farms POA

Re: 2006 & 2007 Annual Report and Financial Document Review

Date: December 31, 2007

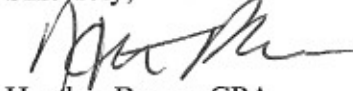
I have reviewed the financial records of Saddlecreek Farms POA as of December 31, 2007 and 2006, and the related annual report for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial records is the representation of the management of Saddlecreek Farms POA.

A review consists principally of inquires of association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial documents or annual report in order for them to be in conformity with accounting principles generally accepted in the United States.

This report is intended solely for the information and use of the Saddlecreek Farms POA management and members and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Heather Brown CPA

*Heather Brown CPA
4947 Lazy Timbers Dr.
Humble, TX 77346*

To: Saddlecreek Farms POA

Re: 2006 & 2007 Annual Report and Financial Document Review

Date: December 31, 2007

My review report was based on a number of analytical procedures including but not limited to the following:

- Reviewed annual report
- Performed several ratio tests on the annual report to determine reasonableness
- Randomly selected both deposits and expenses and traced from check ledger back to invoice/check copy to determine validity (Please note that this step was not done with the 2006 information as the bank statements and invoices were not provided to me)
- Reviewed other miscellaneous documents including treasurer's report

Sincerely,



Heather Brown CPA



Saddle Creek Farms
PROPERTY OWNERS ASSOCIATION, INC.

December 31, 2007

Heather Brown CPA
4947 Lazy Timbers Dr.
Humble, TX 77346

Mrs. Brown:

I am providing this letter in connection with your review of the financial documents of Saddle Creek Farms POA, as of December 31, 2007 and 2006, and the related annual report for the years then ended, for the purpose of determining whether any material modifications are necessary for the annual report to be in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the 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.

I confirm, to the best of my knowledge and belief, the following representations made to you during your review:

1. The financial documents referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. I have made available to you:
 - a. All financial records and related data for 2007. Data for 2006 was provided to a limited degree due to the 2008 Board President's refusal to return the 2006 Treasurer's Record book for Review.
 - b. All agreements or amendments to agreements, which would have a material impact on the financial statements.
3. There have been no:

-
- a. Instances of fraud involving management who have significant roles in internal control.
 - b. Instances of fraud involving others that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
 - d. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
4. There are no:
- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Events that have occurred subsequent to the annual report date and through the date of this letter that would require adjustment to or disclosure in the annual report.

Further, I confirm that I am responsible for the fair presentation of the financial documents and annual report in conformity with accounting principles generally accepted in the United States of America.

Very truly yours,

Saddlecreek Farms POA

Name: *Cassandre M. O'Neil*

Title: *Treasurer*

December 21, 2007

Saddlecreek Farms POA
PO Box 1426
Huffman, TX 77336

Dear POA Members:

This will confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services I will provide:

I will perform the following services:

1. I will review the financial records of Saddlecreek Farms POA as of December 31, 2007 and the related annual report in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. My review will consist primarily of inquiries of association personnel and analytical procedures and I will require a client representation letter from you. A review does not contemplate obtaining an understanding of the internal control structure or assessing control risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit. Thus, a review does not provide assurance that I will become aware of all significant matters that would be disclosed in an audit. Our engagement cannot be relied upon to disclose errors, irregularities, or illegal acts, including fraud that may exist. However, I will inform the appropriate level of management of any material errors that come to my attention and any irregularities or illegal acts that come to my attention, unless they are clearly inconsequential.

My report is presently expected to read as follows:

I have reviewed the financial records of Saddlecreek Farms POA as of December 31, 2007, and the related annual report for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial records is the representation of the management of Saddlecreek Farms POA.

A review consists principally of inquiries of association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

If, for any reason, I am unable to complete my review of your financial records, I will not issue a report on such records as a result of this engagement.

Your treasurer will provide me with financial data and any supporting schedules/documentation that I may require.

My fee for this service will be \$300, payable upon completion of the review report.

I would be pleased to discuss this letter with you at any time and appreciate the opportunity to serve you.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to me.

Sincerely yours,

Heather Brown, CPA
Ph. 713-857-1450

Acknowledged:
Individual Name:
Company Name:
Date:

Cassandra Matheson *Mike McKinney*
Saddlecreek Farms POA
December 27, 2007



2007 Annual Report

	Total Annual Budget	Actual to Date
Cash Balance Beginning Period	\$16,822.51	
INCOME		
Maintenance Fees, Transfer Fees, Deposits	\$40,000.00	\$42,396.08
Earnings/Misc.	0.00	0.00
Total Income	<u>\$40,000.00</u>	<u>\$42,396.08</u>
EXPENSES		
Administrative	660.00	473.81
Postage, office supplies	\$341.30	
Reorder Checks	\$72.51	
PO Box renewal	\$60.00	
Communications	75.00	0.00
Insurance	3,800.00	2518.00
Utilities	9,660.00	7815.60
Electricity	\$7331.88	
Water	\$483.72	
Property & School Taxes	300.00	413.56
Landscaping & Maintenance	17,500.00	17,429.95
Improvements & Repairs	4,000.00	9787.62
Bulkhead Repair	\$3860.00	
Verizon Line Damage Claim Settlement	\$2400.00	
Gate Repair & Maintenance	\$2327.85	
Park Signs & Vandalism Repair	\$375.22	
Barrier Repair	\$360.17	
Electrician Services	\$252.95	
Addition of Street Lighting	\$211.43	
Events/Meeting Costs	1,800.00	843.05
Association Management-Annual Meeting	\$718.05	
Meeting room deposit, Community Ctr	\$125.00	
Other	2000.00	4871.76
Legal Fees	\$2741.10	
Professional services (Inspections, CPA)	\$1000.00	
Building Deposit Refund	\$500.00	
Mowing Refunds	\$440.66	
Duplicate Transfer Fee Refund	\$150.00	
Misc.	\$40.00	
Total Expenses	<u>\$39,795.00</u>	<u>\$44,153.35</u>
Cash Balance Ending Period	\$15,065.24	

*This report was prepared by Cassandra McGregor, SFPOA Treasurer 2007
Year end financial statement has been reviewed by Heather Brown, CPA.*



2006 Annual Report

		Total Annual Budget	Actual to Date
Cash Balance Beginning Period	\$10,832.04		
INCOME			
Maintenance Fees & Transfer Fees		\$25,500.00	\$28,813.58
Earnings/Misc.		0.00	0.00
<u>Total Income</u>		<u>\$25,500.00</u>	<u>\$28,813.58</u>
EXPENSES			
Administrative		530.00	436.40
Communications		75.00	0.00
Insurance		3200.00	3234.42
Utilities & Taxes		3660.00	7753.82
Improvements & Repairs		4100.00	1676.58
Landscaping & Maintenance		7400.00	7318.92
Events/Meeting Costs		1200.00	1557.97
Other:(incl. attorney fees, insp. meeting rm. deposit, etc.)		1000.00	845.00
<u>Total Expenses</u>		<u>\$21,165.00</u>	<u>\$22,823.11</u>
Cash Balance Ending Period	\$16,822.51		

*This report was prepared by Cassandra McGregor, SFPOA Treasurer 2006
Year end financial statement has not been certified.*