

Bluebonnet Highlands Homeowners' Association
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

December 31, 2010



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Bluebonnet Highlands Homeowners' Association

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Bluebonnet Highlands Homeowners' Association (the Association), solely to assist you in reviewing the processing of certain cash receipts and disbursements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures and corresponding results are described as follows:

Homeowner Dues Income

1. Select a sample of homes and trace the home owner's dues payment to recording in the accounting system (Quickbooks), and the deposit into the Association's business checking account.

We randomly selected 25 payments, from the 993 registered home owners, and traced the dues payments to the accounting system and the deposit into the Association's business checking account. Of the 25 payments selected, five were delinquent. Therefore, we were not able to trace the payments to the accounting system, nor were we able to trace the deposit to the Association's business checking account. However, we did review the delinquent account list for the year under examination, which contained the five delinquent homeowners. Of the 20 homes that did remit dues payments, we traced each, without exception, to the accounting system and the Association's business checking account.

Expenditures

1. Select a sample of cash disbursements and test for reasonableness by reviewing the supporting documentation.

We randomly selected a sample of 25 disbursements, from the 549 disbursements made, from the Association's business checking account for the year ended December 31, 2010. In our review of the cash disbursements, we tested whether the disbursement was related to the Association, the expense was unusual, the expense was properly coded, and whether it agreed to supporting documentation (ie. vendor invoice). Through our testing, we found no exceptions.

2. Review the relevant bank reconciliations to ensure completeness of total disbursements.

We reviewed the December 31, 2009 and December 31, 2010 bank reconciliations to ensure completeness of the 549 cash disbursements. Upon review of reconciliations, we found that each included both outstanding checks and deposits, and appeared to be a complete representation of the Association's cash position at the respective year end.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we did not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Bluebonnet Highlands Homeowners' Association and is not intended to be and should not be used by anyone other than those specified parties.



Certified Public Accountants

Baton Rouge, Louisiana
November 8, 2011