

TOAL, RANES, DAVIS, JOSEY & KEATING, LLC

MEMBERS AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

THADDEUS N. TOAL
WESSE C. RANES, III
JAMES K. DAVIS
STEPHEN ERVIN JOSEY
E. PATRICK KEATING

SUITE 1040
2661 RIVA ROAD
ANNAPOLIS, MARYLAND 21401

Telephone
Annapolis/Baltimore (410) 974-6161
Washington (301) 970-2010
FAX (301) 970-2082

Independent Auditors' Report

To the Board of Directors
Drum Point Property Owners Association, Inc.

We have audited the accompanying balance sheet of Drum Point Property Owners Association, Inc. as of June 30, 2002, and the related statements of revenues, expenses and change in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management.

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Drum Point Property Owners Association, Inc. as of June 30, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the Association failed to comply with the receipt, deposit, and disbursement of tax funds in accordance with approved appropriations and State and local law as required by the minimum requirements defined in Article 19, Section 40(b) of the Annotated Code of Maryland. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

The supplementary information on future major repairs and replacements is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. 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.

Toal, Ranes, Davis, Josey & Keating LLC

December 12, 2002