

**ASSOCIATION OF ANGEL FIRE
PROPERTY OWNERS, INCORPORATED**

Agreed-Upon Procedures Report

April 30, 2011

PARTNERS

CATHERINE L. BARD
STEPHEN J. FLANAGAN
SAMUEL T. MONTGOMERY III
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KENNETH R. NICHOLAS
(1942-2003)

Independent Accountants' Report on Applying Agreed-Upon Procedures

The Board of Directors and Members
Association of Angel Fire Property Owners, Incorporated

The Management and Members
Angel Fire Resort Operations, L.L.C.

We have performed the procedures enumerated below, which were agreed to by the Association of Angel Fire Property Owners, Incorporated (AAFPO) and Angel Fire Resort Operations, L.L.C. (AFRO), solely to assist you in evaluating certain amounts reported by Angel Fire Resort Operations, L.L.C. (AFRO) in their Report to AAFPO for the year ended April 30, 2011 and their Amenities Expense Budget for the 2010/2011 fiscal year. AFRO's management is responsible for the content of these reports. 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 the 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.

AGREED-UPON PROCEDURES

We obtained a copy of AFRO's Report to AAFPO on the administrative fund and the discretionary spending fund for the year ended April 30, 2011 (Report) and performed the following procedures:

1. We recalculated the one percent owed to AAFPO for general and administrative expenses and the four percent added to the AAFPO discretionary fund and found no exceptions.
2. We compared total membership dues collected each month and for the year as shown on the Report to deposits recorded in AFRO's membership cash accounts and found no exceptions.
3. We compared total deposits to AFRO's membership cash accounts for the year to collections reported by the Jonas billing system and found no exceptions.
4. We compared disbursements charged to the discretionary fund as reported on the Report to underlying invoices or other supporting documentation and ascertained the expenditures appeared to be properly classified as charges to the discretionary fund. No exceptions were noted.

We obtained a copy of AFRO's Amenities Expense Budget for the 2010/2011 fiscal year (Amenities Report) which contains a column for fiscal 2010 actual expenses and performed the following procedures:

1. We compared the expense line item totals in the 2011 actual column on the Overview worksheet to supporting worksheets or the unadjusted general ledger, as applicable. When appropriate, we multiplied the supporting worksheet amount by the percentage stated on the Overview worksheet. We found each 2011 actual expense amount to be in agreement with the applicable supporting worksheet or unadjusted general ledger.
2. We compared the expenses reported on the following worksheets to AFRO's general ledger for the year ended April 30, 2011: BR0 Member Services, BR2 Monte Verde, BR3 Olympic Park, BR4 RV Park, BR5 Stables, BR7 Summer Amenities, Golf 01-03, CCO-CC1, M01 Lift Opts, M02 Ski Patrol, M03 Grooming, M04 Lift Maint, M05 Vehicle Maint, M06 Snowmaking, M07 Base Services, M10 Mtn Mgr, M22 Guest Services, M25 Transportation, M30 Bldgs & Grounds, M31 Summer Trails, Prop Taxes and Insurance. We found the reported amounts in agreement with the unadjusted general ledger.
3. Audit adjustments impacted certain of the amounts reported in the Amenities Report. The total impact of the audit adjustments decreased reported expenses by \$6,674. We confirmed that management prepared a revised Amenities Report that appropriately changed applicable amounts for the audit adjustments.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Report and the Amenities Report. Accordingly, we do 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 the Board of Directors and members of the Association of Angel Fire Property Owners, Incorporated and management of Angel Fire Resort Operations, L.L.C.

Nicholas  LLP

November 1, 2011