

CHESAPEAKE APPRECIATION, INC.  
D/B/A OYSTER RECOVERY PARTNERSHIP

REPORT OF INDEPENDENT AUDITORS ON

FINANCIAL STATEMENTS  
AND OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2003

CHESAPEAKE APPRECIATION, INC.  
D/B/A OYSTER RECOVERY PARTNERSHIP

FINANCIAL STATEMENTS  
AND OTHER INFORMATION

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**TOAL & GRIFFITH, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

To the Board of Directors of  
Oyster Recovery Partnership

We have audited the accompanying statement of financial position of Chesapeake Appreciation, Inc. d/b/a Oyster Recovery Partnership as of December 31, 2003, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Chesapeake Appreciation, Inc. d/b/a Oyster Recovery Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Chesapeake Appreciation, Inc. d/b/a Oyster Recovery Partnership as of December 31, 2002 were audited by other auditors whose report dated March 26, 2003, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 the 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 Chesapeake Appreciation, Inc. d/b/a Oyster Recovery Partnership as of December 31, 2003, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2004 on our consideration of Chesapeake Appreciation, Inc. d/b/a Oyster Recovery Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Chesapeake Appreciation, Inc. d/b/a Oyster Recovery Partnership taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Toal & Griffith LLC*

March 12, 2004