

Approval of the FY 2017 Draft Audit Resolution Worksheet

Date: January 4, 2018

Suggested Motion:

"I move to approve the Draft Audit for the year ended May 31, 2017 as submitted by Delong & Stang."

2nd.

Summary: The revised Draft Audit is attached.

Vote:

	In Favor	Opposed	Abstained	Absent
Scott Buchanan				
Dan Courtney				
Susan Cox				
Anna Fernezian				
James Konkel				
Rich Moha				
Kathy Schramek				
Nicholas Soto				
Robin Woods				



...improving the lives of our staff, clients and community
with innovation, trust and integrity.

Allen P. DeLeon, CPA, PFS, CITP
Richard C. Stang, CPA, PFS, ABV
Jeanie Price, PAFM
Bradly L. Hoffman, CPA
Daniel L. Ceflon, CPA, ABV, CFF

www.deleonandstang.com

December 21, 2017

The Board of Directors

Parkfairfax Condominium Unit Owners Association

c/o Ms. Andrea Galler
Klingbeil, Powell & Alrutz, Inc.
6402 Arlington Boulevard, Suite 700
Falls Church, VA 22042

Dear Members of the Board:

Enclosed are the following documents in connection with the audit of the financial statements for ***Parkfairfax Condominium Unit Owners Association*** for the year ended May 31, 2017:

- Management letter,
- AU-C §260 letter,
- Draft copy of the financial statements,
- Representation letter, which needs to be signed prior to issuing the final report, and
- Adjusting journal entries and trial balance.

The Federal and state taxes along with filing instructions will be sent to you separately.

Please review and call me if you have any questions. We also need the attached management representation letter to be signed before we can issue your final report. If revisions are required to the draft statements due to outstanding information, we may need to send you an updated management representation letter for the appropriate signatures. We are requiring that the signed representation letter be returned to us no later than sixty days from the date of this letter. This will allow us to issue the final audit as close to the audit report date as can reasonably be expected given the structure of this industry and the audit requirements of AU-C Section 230.

If for any reason you have surpassed the timeline, please submit a copy of your monthly current financial statements, in order to update subsequent events as stipulated in AU-C §230. Please note you will incur additional charges for this service.

Sincerely yours,

Allen P. DeLeon

Allen P. DeLeon, CPA, Audit Partner

APD/kp
Enclosures

cc: Mr. Scott Buchanan (Board President)

100 Lakewood Boulevard, Suite 650
Gaithersburg, MD 20877
P: 301-948-9825
F: 301-948-3220

210 Wirt Street SW, Suite 102
Leesburg, VA 20175
P: 571-442-5220
F: 571-730-3669

150 S. East Street, Suite 100
Frederick, MD 21701
P: 301-250-7400
F: 240-668-9448

Client: PARKFAIRFAX CONDO. UNIT OWNERS ASSOCIATION
 Engagement: Audit 05-31-2017
 Current Period: 05/31/2017
 Workpaper: Trial Balance

Code	Account	Description	Workpaper Reference	Adjusted 5/31/2016	Unadjusted 5/31/2017	Adjusting JE 5/31/2017	Adjusted 5/31/2017
F100		Cash and cash equivalents					
	1008-0000	Union Bank - Operating Checking	F100	506,757.43	112,081.00	18,259.00	130,340.00
	AJE02	To post funds received after cut off.	F100			18,259.00	
	1020-0000	Petty Cash		500.00	500.00	0.00	500.00
F100 Total				<u>507,257.43</u>	<u>112,581.00</u>	<u>18,259.00</u>	<u>130,840.00</u>
F100R		Cash and cash equiv-Reser					
	1040-0000	Wells Fargo - MMK	H100	386,674.89	414,884.00	0.00	414,884.00
F100R Total				<u>386,674.89</u>	<u>414,884.00</u>	<u>0.00</u>	<u>414,884.00</u>
F200		Assessments receivable					
	1110-0000	A/R - Homeowners	F200	138,632.06	184,880.00	0.00	184,880.00
F200 Total				<u>138,632.06</u>	<u>184,880.00</u>	<u>0.00</u>	<u>184,880.00</u>
F250		Allowance for Doubtful Ac					
	1111-0000	Allowance for Doubtful Accounts	F250	(62,673.84)	(84,041.00)	(22,797.00)	(106,838.00)
	AJE03	To adjust allowance for doubtful accounts per d. F250				(22,797.00)	
F250 Total				<u>(62,673.84)</u>	<u>(84,041.00)</u>	<u>(22,797.00)</u>	<u>(106,838.00)</u>
F300		A/R - Laundry					
	1127-0000	A/R - Laundry	I410	8,000.00	7,899.00	2,906.00	10,805.00
	AJE04	To adjust deferred laundry income, laundry inco I410				2,906.00	
F300 Total				<u>8,000.00</u>	<u>7,899.00</u>	<u>2,906.00</u>	<u>10,805.00</u>
F310		A/R - Other					
	1115-0000	A/R - Miscellaneous		318,842.32	1,710.00	0.00	1,710.00
	1126-0000	A/R - Rent		2,672.80	2,673.00	0.00	2,673.00
	1150-0000	A/R - Vendors		5,715.93	0.00	0.00	0.00
F310 Total				<u>327,231.05</u>	<u>4,383.00</u>	<u>0.00</u>	<u>4,383.00</u>
F320		Taxes Receivable					
	1130-0000	A/R - Federal Income Tax Refund		1,807.00	1,802.00	21,380.00	23,182.00
	AJC15	To adjust taxes receivable, taxes payable and inc D100				21,380.00	
	1140-0000	A/R - State Tax Refund		480.00	(3,000.00)	3,000.00	0.00
	AJE15	To adjust taxes receivable, taxes payable and inc D100				3,000.00	
F320 Total				<u>2,287.00</u>	<u>(1,198.00)</u>	<u>24,380.00</u>	<u>23,182.00</u>
F330		Deferred Taxes					
	1149-0000	Deferred Taxes		27,296.00	0.00	23,919.00	23,919.00
	AJE14	To adjust deferred taxes per detail.	D300			23,919.00	
F330 Total				<u>27,296.00</u>	<u>0.00</u>	<u>23,919.00</u>	<u>23,919.00</u>
F340		Insurance Receivable					
	1125-0001	Insurance Claim - Fire Loss		(60,305.70)	(21,724.00)	50,000.00	28,276.00
	AJE17	To reverse clients entry to insurance claim deductible.				50,000.00	
F340 Total				<u>(60,305.70)</u>	<u>(21,724.00)</u>	<u>50,000.00</u>	<u>28,276.00</u>
F400		Accrued Interest					
	1122-0000	A/R - Interest	H100	10,947.20	14,474.00	0.00	14,474.00
F400 Total				<u>10,947.20</u>	<u>14,474.00</u>	<u>0.00</u>	<u>14,474.00</u>
F500		Prepaid expenses					
	1210-0000	Prepaid Insurance		81,190.00	78,489.00	0.00	78,489.00
	1220-0000	Prepaid Other		96,757.67	94,140.00	(58,309.00)	35,831.00
	AJE08	To adjust prepaid expenses per detail.	F400			(58,309.00)	
F500 Total				<u>177,947.67</u>	<u>172,629.00</u>	<u>(58,309.00)</u>	<u>114,320.00</u>
F600		Due from replacement fund					
	1250-0000	Due from Reserves		0.00	0.00	1,657,263.00	1,657,263.00
	AJE13	To post reserve activity.	J100			1,657,263.00	
F600 Total				<u>0.00</u>	<u>0.00</u>	<u>1,657,263.00</u>	<u>1,657,263.00</u>
F600R		Due from operating fund					
F600R Total				<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

G100		Fixed Assets					
	1530-0000	Condominium Units	875,271.07	875,271.00	0.00	875,271.00	
	1540-0000	Auto & Trucks	500,400.96	500,401.00	0.00	500,401.00	
G100 Total			1,375,672.03	1,375,672.00	0.00	1,375,672.00	
G110		Accumulated Depreciation					
	1600-0000	Accumulated Depreciation	(974,841.39)	(979,553.00)	(14,136.00)	(993,689.00)	
	AJE07	To adjust accumulated depreciation and depreci G100			(14,136.00)		
G110 Total			(974,841.39)	(979,553.00)	(14,136.00)	(993,689.00)	
H100R		Investments - Reserve					
	1050-0000	Wells Fargo - CDs	5,041,000.00	5,563,000.00	0.00	5,563,000.00	
H100R Total			5,041,000.00	5,563,000.00	0.00	5,563,000.00	
I100		Accounts payable					
	1390-0000	Exchange A/R & Payroll	(2,755.30)	(2,475.00)	0.00	(2,475.00)	
	2010-0000	Accounts Payable	(136,008.92)	(81,140.00)	21,645.00	(59,495.00)	
	AJE11	To reverse reserve expenses that were incorrect I100			21,645.00		
	2020-0000	Accrued Expenses	(719,604.22)	(389,202.00)	299,155.00	(90,047.00)	
	AJE05	To isolate reserve accrued expenses for report p I100			152,125.00		
	AJE06	To adjust accrued expenses and accounts payab I100			147,030.00		
	2060-0000	A/P - Unclaimed Funds	(343.46)	0.00	0.00	0.00	
	2070-0000	Memorial Tree Fund	(920.00)	(920.00)	0.00	(920.00)	
	2080-0000	Resident Refunds	(700.47)	(700.00)	0.00	(700.00)	
I100 Total			(860,332.37)	(474,437.00)	320,800.00	(153,637.00)	
I100R		Accrued Expenses - Reserves					
	2030-0000	Accrued Expenses - Reserves	0.00	0.00	(164,401.00)	(164,401.00)	
	AJE05	To isolate reserve accrued expenses for report p I100			(152,125.00)		
	AJE06	To adjust accrued expenses and accounts payab I100			(12,276.00)		
I100R Total			0.00	0.00	(164,401.00)	(164,401.00)	
I110		Accrued Payroll & Taxes					
	2024-0000	Accrued Payroll	(50,603.71)	0.00	(46,728.00)	(46,728.00)	
	AJE09	To adjust accrued payroll and payroll expense p I300			(46,728.00)		
	2025-0000	Accrued Vacation	(104,958.00)	(156,921.00)	19,867.00	(137,054.00)	
	AJE10	To adjust accrued vacation per detail, I350			19,867.00		
	2026-0000	Accrued Garnishments	(1,380.70)	(1,381.00)	0.00	(1,381.00)	
	2027-0000	Union Dues Withheld	(369.00)	520.00	0.00	520.00	
	2028-0000	Withholding - Retirement Plan	(20,530.82)	(13,788.00)	(904.00)	(14,692.00)	
	AJE06	To adjust accrued expenses and accounts payab I100			(904.00)		
	2029-0000	Withholding - Other	(14,308.23)	(14,308.00)	0.00	(14,308.00)	
I110 Total			(192,150.46)	(185,878.00)	(27,765.00)	(213,643.00)	
I120		Taxes Payable					
	2040-0000	Federal Income Tax Payable	0.00	27,296.00	(27,296.00)	0.00	
	AJE14	To adjust deferred taxes per detail, D300			(27,296.00)		
	2050-0000	State Taxes Payable	0.00	0.00	(2,089.00)	(2,089.00)	
	AJE15	To adjust taxes receivable, taxes payable and inc D100			(2,089.00)		
I120 Total			0.00	27,296.00	(29,385.00)	(2,089.00)	
I200		Prepaid assessments					
	2090-0000	Prepaid Assessments	(178,539.84)	(226,751.00)	0.00	(226,751.00)	
	2091-0000	Receipts After Cutoff	(31,992.04)	0.00	(18,259.00)	(18,259.00)	
	AJE02	To post funds received after cut off, F100			(18,259.00)		
I200 Total			(210,531.88)	(226,751.00)	(18,259.00)	(245,010.00)	
I300		Deferred Laundry Revenue					
	2140-0000	Deferred Laundry Allowance	(29,667.00)	(29,667.00)	3,935.00	(25,732.00)	
	AJE04	To adjust deferred laundry income, laundry inco I410			3,935.00		
I300 Total			(29,667.00)	(29,667.00)	3,935.00	(25,732.00)	
I310		Deferred Cable Revenue					
	2150-0000	Deferred Cable Revenue	(135,800.00)	(119,000.00)	0.00	(119,000.00)	
I310 Total			(135,800.00)	(119,000.00)	0.00	(119,000.00)	
I400		Security Deposit					
	2110-0000	Security Deposit 3278 Martha Custis	(1,400.00)	(1,400.00)	0.00	(1,400.00)	
	2111-0000	Security Deposit 3546 Martha Custis	0.00	(1,400.00)	0.00	(1,400.00)	
	2112-0000	Security Deposit 3552 Martha Custis	(1,359.00)	(2,759.00)	0.00	(2,759.00)	
	2113-0000	Security Deposit 1401 Martha Custis	(1,500.00)	(1,500.00)	0.00	(1,500.00)	
	2114-0000	Security Deposit 1403 Martha Custis	(1,570.00)	(1,570.00)	0.00	(1,570.00)	
	2115-0000	Security Deposit 3554 Martha Custis	(1,430.00)	(1,430.00)	0.00	(1,430.00)	
I400 Total			(7,259.00)	(10,059.00)	0.00	(10,059.00)	

I500		Mortgage Payable					
	2185-0000	Mortgagee Payable		(160,855.03)	(156,361.00)	0.00	(156,361.00)
I500 Total				<u>(160,855.03)</u>	<u>(156,361.00)</u>	<u>0.00</u>	<u>(156,361.00)</u>
I600		Due to Operating					
	2250-0000	Due to Operating		0.00	0.00	(1,657,263.00)	(1,657,263.00)
	AJE13	To post reserve activity.	J100			(1,657,263.00)	
I600 Total				<u>0.00</u>	<u>0.00</u>	<u>(1,657,263.00)</u>	<u>(1,657,263.00)</u>
J100		Operating Equity					
	3300-0000	Unappropriated Equity		(1,358,771.46)	(1,580,728.00)	78,778.00	(1,501,950.00)
	AJE01	To close out Prior year equity to unappropriated C100				78,778.00	
J100 Total				<u>(1,358,771.46)</u>	<u>(1,580,728.00)</u>	<u>78,778.00</u>	<u>(1,501,950.00)</u>
J100R		Replacement fund					
	3100-0000	Reserves Opening Balances		(3,403,914.76)	0.00	0.00	0.00
	3100-0100	Reserve Contribution		0.00	(7,989,784.00)	0.00	(7,989,784.00)
	3100-0200	Reserve Interest		0.00	0.00	(73,995.00)	(73,995.00)
	AJE13	To post reserve activity.	J100			(73,995.00)	
	3200-1003	12.3o Asbestos Abatement Crawl Space Partial 7yr		0.00	228,999.00	6,262.00	235,261.00
	AJE13	To post reserve activity.	J100			6,262.00	
	3200-1006	12.3p Building Settlement Allowance		0.00	367,936.00	(1,938.00)	365,998.00
	AJE13	To post reserve activity.	J100			(1,938.00)	
	3200-1009	12.3m Building Waterproofing Allowance Yrs 1-10		0.00	380,714.00	0.00	380,714.00
	3200-1011	12.3k Building Entry Porches / Handrails Yrs 1-10		0.00	5,276.00	0.00	5,276.00
	3200-1012	1.6c Handrails on Walks		0.00	45,557.00	0.00	45,557.00
	3200-1015	12.3.1 Building Stoop Replacements Yrs 1-10		0.00	216,080.00	0.00	216,080.00
	3200-1018	12.3h Building Entry Door Allowance Yrs 1-10		0.00	650.00	0.00	650.00
	3200-1021	12.3d Building Gutter / Fascia Repairs		0.00	30,011.00	0.00	30,011.00
	3200-1023	0050-12.5 Gutters		0.00	49,087.00	0.00	49,087.00
	3200-1024	12.3e Building Downspout 3" & 4" Yrs 1-10		0.00	142,557.00	5,904.00	148,461.00
	AJE13	To post reserve activity.	J100			5,904.00	
	3200-1030	12.3v Building Mold Abatement Allowance		0.00	159,318.00	0.00	159,318.00
	3200-1033	12.3t Building Terra Cotta Tile Roofs Yrs 1-10		0.00	23,922.00	110.00	24,032.00
	AJE13	To post reserve activity.	J100			110.00	
	3200-1036	050-12.4 Roofing		0.00	107,962.00	0.00	107,962.00
	3200-1043	12.3c Building Copper Roof Flashing Yrs 1-10		0.00	9,420.00	0.00	9,420.00
	3200-1045	12.3i Shutter Replacement Allowance Yrs 1-10		0.00	3,724.00	0.00	3,724.00
	3200-1048	12.3g Building Masonry Tuckpointing Allow Yrs 1-10		0.00	68,055.00	0.00	68,055.00
	3200-1054	12.3f Bldg Wood Trim Replacement Allow Yrs 1-10		0.00	300,134.00	0.00	300,134.00
	3200-1060	2.3a Domestic Water Pipe C&H Laterals Yrs 1-7		0.00	705,220.00	0.00	705,220.00
	3200-1061	3.3a Boiler Room Hot Water Piping		0.00	1,200.00	0.00	1,200.00
	3200-1069	2.3j Sewer Laterals Prog. Yrs 1-5		0.00	231,997.00	(12,445.00)	219,552.00
	AJE13	To post reserve activity.	J100			(12,445.00)	
	3200-1075	3.3b Maintenance Compd Water Heaters 5		0.00	230,111.00	0.00	230,111.00
	3200-1076	3.3b Building Falling Ceiling allowance		0.00	58,758.00	0.00	58,758.00
	3200-1079	2.3c Fire Hydrant Replacement		0.00	1,173.00	0.00	1,173.00
	3200-2009	9.3a Finishes, Floor Covering & Paint		0.00	7,430.00	0.00	7,430.00
	3200-2012	Office Equipment		0.00	2,009.00	0.00	2,009.00
	3200-3009	9.3j AU Fitness Center HVAC		0.00	106.00	0.00	106.00
	3200-4006	9.3b AU Air Conditioners Yrs 1-10		0.00	24,838.00	0.00	24,838.00
	3200-4009	9.3c AU Appliances - Years 1-10		0.00	10,007.00	0.00	10,007.00
	3200-4010	9.3e AU Kitchen Cabinets Rental Units 6		0.00	41,670.00	0.00	41,670.00
	3200-4012	9.3 Bathroom Renovation		0.00	869.00	0.00	869.00
	3200-5009	10.3j MC Security Camera System		0.00	8,524.00	0.00	8,524.00
	3200-5024	10.3d MC Building Tuckpointing Masonry		0.00	3,990.00	0.00	3,990.00
	3200-6003	1.3c Pavement, Mill & Overlay		0.00	62,020.00	0.00	62,020.00
	3200-6009	1.3k Crack Seal Coat Restripe Holmes Ln		0.00	4,349.00	0.00	4,349.00
	3200-6010	1.3s Crack Seal Coat & Restripe Pavement		0.00	725.00	0.00	725.00
	3200-6012	1.3u Allowance for Pavement Repairs		0.00	5,500.00	0.00	5,500.00
	3200-6015	2.3d Storm Drain Systems Yrs 1-10		0.00	146,120.00	0.00	146,120.00
	3200-6021	1.6a Concrete Side / Lead & Curb		0.00	138,819.00	0.00	138,819.00
	3200-6024	1.6d Landscape Upgrades		0.00	600.00	0.00	600.00
	3200-6030	Fences - Picket		0.00	6,376.00	0.00	6,376.00
	3200-6033	1.6 Landscape Upgrades		0.00	193,414.00	0.00	193,414.00
	3200-6034	1.9f Mulching Common Areas		0.00	102,572.00	0.00	102,572.00
	3200-6039	1.6h Wooden Focal Signs 8		0.00	377.00	0.00	377.00
	3200-7015	5.3m A Pool Masonry Repairs		0.00	40,225.00	0.00	40,225.00
	3200-7023	6.3o B Pool Deck Renovations		0.00	5,075.00	0.00	5,075.00
	3200-7029	6.3g B Pool Furniture 50%		0.00	17,503.00	(7,262.00)	10,241.00
	AJE13	To post reserve activity.	J100			(7,262.00)	
	3200-7039	6.3j B Pool Bathhouse Renovations		0.00	10,500.00	0.00	10,500.00
	3200-7043	7.3m C Pool Concrete Deck 20%		0.00	30,145.00	0.00	30,145.00
	3200-7075	1.6k Tot Lot Playground Equipment		0.00	52,813.00	0.00	52,813.00
J100R Total				<u>(3,403,914.76)</u>	<u>(3,705,347.00)</u>	<u>(83,364.00)</u>	<u>(3,788,711.00)</u>

J200		Property Fund					
	3020-0000	Property Fund	0.00	4,712.00	(4,712.00)	0.00	
	AJE07	To adjust accumulated depreciation and depreci G100			(4,712.00)		
	3405-0000	Property Fund	(400,830.64)	(400,831.00)	18,848.00	(381,983.00)	
	AJE16	To post depreciation expense to property fund. J200			18,848.00		
J200 Total			<u>(400,830.64)</u>	<u>(396,119.00)</u>	<u>14,136.00</u>	<u>(381,983.00)</u>	
		Restricted Fund - Awards					
	3510-0000	Award Fund Contribution	(1,833.18)	(1,833.00)	0.00	(1,833.00)	
J300 Total			<u>(1,833.18)</u>	<u>(1,833.00)</u>	<u>0.00</u>	<u>(1,833.00)</u>	
J900		CY net Income					
J900 Total			<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
K100		Assessment income					
	4410-0000	Residential Assessments	(8,923,399.08)	(8,923,386.00)	0.00	(8,923,386.00)	
K100 Total			<u>(8,923,399.08)</u>	<u>(8,923,386.00)</u>	<u>0.00</u>	<u>(8,923,386.00)</u>	
K100R		Reserve Contributions					
	6900-0000	Reserve Contribution	2,546,700.00	2,623,100.00	0.00	2,623,100.00	
K100R Total			<u>2,546,700.00</u>	<u>2,623,100.00</u>	<u>0.00</u>	<u>2,623,100.00</u>	
K110		Rental Income					
	4500-0000	Rental 223-3278 M Custis Dr	(18,168.00)	(19,598.00)	0.00	(19,598.00)	
	4502-0000	Rental 309-3546 M Custis Dr	(11,898.00)	(15,850.00)	0.00	(15,850.00)	
	4503-0000	Rental 309-3552 M Custis Dr	(16,677.00)	(13,729.00)	0.00	(13,729.00)	
	4504-0000	Rebtak 401-1401 M Custis Dr	(18,225.00)	(16,995.00)	0.00	(16,995.00)	
	4505-0000	Rental 401-1403 M Custis Dr	(12,560.00)	(15,011.00)	0.00	(15,011.00)	
	4507-0000	Rental 401-1407 M Custis Dr	(9,278.00)	(11,484.00)	0.00	(11,484.00)	
	4509-0000	Rental 309-3554 M Custis Dr	(7,905.60)	(15,730.00)	0.00	(15,730.00)	
K110 Total			<u>(94,711.60)</u>	<u>(108,397.00)</u>	<u>0.00</u>	<u>(108,397.00)</u>	
K200		Interest income - Oper					
	4695-0000	Interest Earned - Operating	(346.60)	(287.00)	0.00	(287.00)	
K200 Total			<u>(346.60)</u>	<u>(287.00)</u>	<u>0.00</u>	<u>(287.00)</u>	
K210		Interest Income - Reserve					
	4700-0000	Interest Earned - Reserves	(61,516.80)	(73,995.00)	0.00	(73,995.00)	
K210 Total			<u>(61,516.80)</u>	<u>(73,995.00)</u>	<u>0.00</u>	<u>(73,995.00)</u>	
K210R		Reserve interest contra					
	6910-0000	Interest Income - Contra	0.00	0.00	73,995.00	73,995.00	
	AJE13	To post reserve activity. J100			73,995.00		
K210R Total			<u>0.00</u>	<u>0.00</u>	<u>73,995.00</u>	<u>73,995.00</u>	
K300		Cable Revenue					
	4610-0000	Cable Revenue	(16,800.00)	(16,800.00)	0.00	(16,800.00)	
K300 Total			<u>(16,800.00)</u>	<u>(16,800.00)</u>	<u>0.00</u>	<u>(16,800.00)</u>	
K310		Late Fee Revenue					
	4615-0000	Late Fees	(9,793.84)	(11,593.00)	0.00	(11,593.00)	
K310 Total			<u>(9,793.84)</u>	<u>(11,593.00)</u>	<u>0.00</u>	<u>(11,593.00)</u>	
K320		In Unit Service Fees					
	4630-0000	In Unit Service Fees	(51,079.45)	(53,236.00)	0.00	(53,236.00)	
K320 Total			<u>(51,079.45)</u>	<u>(53,236.00)</u>	<u>0.00</u>	<u>(53,236.00)</u>	
K330		Laundry Revenue					
	4635-0000	Laundry Fees	(51,987.87)	(39,521.00)	(6,841.00)	(46,362.00)	
	AJE04	To adjust deferred laundry income, laundry inco I410			(6,841.00)		
K330 Total			<u>(51,987.87)</u>	<u>(39,521.00)</u>	<u>(6,841.00)</u>	<u>(46,362.00)</u>	
K340		Newsletter Revenue					
	4645-0000	Newsletter Advertising	(21,036.00)	(11,992.00)	0.00	(11,992.00)	
K340 Total			<u>(21,036.00)</u>	<u>(11,992.00)</u>	<u>0.00</u>	<u>(11,992.00)</u>	
K350		Storage Rental Income					
	4655-0000	Storage Rental Income	(44,946.51)	(41,327.00)	0.00	(41,327.00)	
K350 Total			<u>(44,946.51)</u>	<u>(41,327.00)</u>	<u>0.00</u>	<u>(41,327.00)</u>	
K360		Resale Certificate Revenue					
	4660-0000	Resale Processing Fees	(54,103.63)	(38,807.00)	0.00	(38,807.00)	
K360 Total			<u>(54,103.63)</u>	<u>(38,807.00)</u>	<u>0.00</u>	<u>(38,807.00)</u>	

K370		Miscellaneous Income				
	4625-0000	Key Fees	(6,768.50)	(5,605.00)	0.00	(5,605.00)
	4650-0000	Facilities Rental Income	(6,256.02)	(6,066.00)	0.00	(6,066.00)
	4690-0000	Other User Income	(6,871.26)	(7,420.00)	0.00	(7,420.00)
	4710 0000	Miscellaneous Income	(2,481.00)	(655.00)	0.00	(655.00)
K370 Total			(22,376.78)	(19,746.00)	0.00	(19,746.00)
K380		Deferred Tax Benefit				
K380 Total			0.00	0.00	0.00	0.00
K500		Payroll - Salaries				
	5302-0000	Administrative Salaries	202,039.14	217,047.00	4,120.00	221,167.00
	AJE09	To adjust accrued payroll and payroll expense per detail.			6,625.00	
	AJE10	To adjust accrued vacation per detail.			(2,505.00)	
	5304-0000	Maintenance Salaries	1,208,918.64	1,179,790.00	17,312.00	1,197,102.00
	AJE09	To adjust accrued payroll and payroll expense per detail.			28,925.00	
	AJE10	To adjust accrued vacation per detail.			(11,613.00)	
	5306-0000	Managers Salaries	313,030.33	310,059.00	5,429.00	315,488.00
	AJE09	To adjust accrued payroll and payroll expense per detail.			11,178.00	
	AJE10	To adjust accrued vacation per detail.			(5,749.00)	
K500 Total			1,723,988.11	1,706,896.00	26,861.00	1,733,757.00
K510		Payroll - Bonuses				
	5325-0000	Bonuses	1,000.00	1,250.00	0.00	1,250.00
K510 Total			1,000.00	1,250.00	0.00	1,250.00
K520		Payroll - Taxes				
	5340-0000	Payroll Taxes - Management	24,543.03	24,689.00	0.00	24,689.00
	5345-0000	Payroll Taxes - Administrative	16,868.98	17,719.00	0.00	17,719.00
	5350-0000	Payroll Taxes - Maintenance	107,291.13	97,984.00	0.00	97,984.00
K520 Total			148,703.14	140,392.00	0.00	140,392.00
K530		Payroll - Retirement				
	5365-0000	Retirement - Management	10,456.86	11,798.00	1,265.00	13,063.00
	AJE06	To adjust accrued expenses and accounts payable			1,265.00	
	5370-0000	Retirement - Administrative	4,679.53	5,507.00	0.00	5,507.00
	5375-0000	Retirement - Maintenance	30,897.48	28,111.00	0.00	28,111.00
K530 Total			46,033.87	45,416.00	1,265.00	46,681.00
K540		Mileage Reimbursement				
K540 Total			0.00	0.00	0.00	0.00
K550		Education/Training				
K550 Total			0.00	0.00	0.00	0.00
K560		Workers Comp Ins				
K560 Total			0.00	0.00	0.00	0.00
K570		Group Health Ins				
	5330-0000	Health Benefits	442,225.62	487,822.00	44,136.00	531,958.00
	AJE06	To adjust accrued expenses and accounts payable			8,114.00	
	AJE08	To adjust prepaid expenses per detail.			36,022.00	
K570 Total			442,225.62	487,822.00	44,136.00	531,958.00
K580		Professional Services				
	6610-0000	Audit / Tax Return Preparation	22,600.00	15,000.00	0.00	15,000.00
	6620-0000	Engineering Services	39,682.72	9,689.00	0.00	9,689.00
	6630-0000	Legal - Collections	7,603.17	9,415.00	0.00	9,415.00
	6640-0000	Legal - General Counsel	27,566.15	15,421.00	4,900.00	20,321.00
	AJE06	To adjust accrued expenses and accounts payable			4,900.00	
	6645-0000	Legal Services - Labor	0.00	30,389.00	0.00	30,389.00
	6660-0000	Professional Fees	7,802.70	548.00	0.00	548.00
K580 Total			105,254.74	80,462.00	4,900.00	85,362.00
K590		Management				
	6650-0000	Management Fees	95,213.89	88,104.00	0.00	88,104.00
K590 Total			95,213.89	88,104.00	0.00	88,104.00
K600		Administrative Expenses				
	5010-0000	Activity Charges / Committees	11,662.82	6,388.00	0.00	6,388.00
	5035-0000	Office Supplies	18,122.97	18,234.00	(295.00)	17,939.00
	AJE06	To adjust accrued expenses and accounts payable			(295.00)	
	5036-0000	Copying	6,922.60	10,414.00	0.00	10,414.00
	5040-0000	Office Systems Service	22,282.09	16,776.00	0.00	16,776.00
	5045-0000	Dues & Subscriptions	330.00	0.00	0.00	0.00
	5060-0000	Postage	12,673.01	17,309.00	0.00	17,309.00

	5070-0000	Printing	4,081.57	9,658.00	0.00	9,658.00
	5090-0000	Other Administrative Services	25,364.07	26,104.00	52.00	26,156.00
	AJE06	To adjust accrued expenses and accounts payab I100			53.00	
	AJE13	To post reserve activity. J100			(1.00)	
	5095-0000	Website Design / Maintenance	293.56	228.00	0.00	228.00
	5100-0000	Board / Annual Meeting Expense	11,991.32	12,471.00	0.00	12,471.00
	5335-0000	Mileage Reimbursement	600.00	0.00	0.00	0.00
	5380-0000	Employee Recruitment	1,538.49	106.00	0.00	106.00
	5395-0000	Education / Training Benefits	4,094.30	1,302.00	0.00	1,302.00
	6730-0000	Permits & Licenses	3,058.45	1,500.00	743.00	2,243.00
	AJE06	To adjust accrued expenses and accounts payab I100			743.00	
	6760-0000	Other Expenses	45.64	0.00	0.00	0.00
K600 Total			123,060.89	120,490.00	500.00	120,990.00
K610		Office Equipment				
	5020-0000	Computer Repair & Maintenance	40,475.20	45,099.00	549.00	45,648.00
	AJE06	To adjust accrued expenses and accounts payab I100			549.00	
	5030-0000	Office Equipment Lease	12,906.61	2,883.00	0.00	2,883.00
K610 Total			53,381.81	47,982.00	549.00	48,531.00
K620		Newsletter Expenses				
	5050-0000	Newsletter Services	41,467.13	41,054.00	0.00	41,054.00
K620 Total			41,467.13	41,054.00	0.00	41,054.00
K630		Assoc Owned Units Exp				
	5055-0000	Owned Unit Assessments	95,581.22	95,098.00	0.00	95,098.00
K630 Total			95,581.22	95,098.00	0.00	95,098.00
K640		Telephone				
	5080-0000	Telephone Services	33,868.01	33,230.00	53.00	33,283.00
	AJE06	To adjust accrued expenses and accounts payab I100			53.00	
K640 Total			33,868.01	33,230.00	53.00	33,283.00
K650		Electricity				
	6030-0000	Electric Service	101,700.58	99,533.00	(3,476.00)	96,057.00
	AJE06	To adjust accrued expenses and accounts payab I100			(3,476.00)	
K650 Total			101,700.58	99,533.00	(3,476.00)	96,057.00
K660		Gas				
	6020-0000	Gas Service	291,596.98	267,401.00	(8,692.00)	258,709.00
	AJE06	To adjust accrued expenses and accounts payab I100			(8,692.00)	
K660 Total			291,596.98	267,401.00	(8,692.00)	258,709.00
K670		Water & Sewer				
	6010-0000	Water Service	1,009,750.70	1,280,792.00	(152,627.00)	1,128,165.00
	AJE06	To adjust accrued expenses and accounts payab I100			(152,627.00)	
K670 Total			1,009,750.70	1,280,792.00	(152,627.00)	1,128,165.00
K680		Repairs & Maintenance				
	6170-0000	Exerise Equipment R&M	5,984.68	4,246.00	0.00	4,246.00
	6190-0000	Vehicles R&M	18,793.03	10,257.00	0.00	10,257.00
	6410-0000	Building Repair & Maintenance	34,331.66	33,826.00	0.00	33,826.00
	6415-0000	Electrical / Lighting R&M	28,416.43	41,603.00	289.00	41,892.00
	AJE06	To adjust accrued expenses and accounts payab I100			289.00	
	6420-0000	Equipment Rental R&M	581.85	67.00	0.00	67.00
	6430-0000	General Repairs & Maintenance	67,564.56	62,208.00	725.00	62,933.00
	AJE06	To adjust accrued expenses and accounts payab I100			725.00	
	6460-0000	Railing Installation	9,907.00	400.00	0.00	400.00
	6470-0000	Tools & Equipment	15,912.68	5,055.00	0.00	5,055.00
K680 Total			181,491.89	157,662.00	1,014.00	158,676.00
K690		Pool Expenses				
	6510-0000	Pool Management	89,954.21	80,829.00	0.00	80,829.00
	6520-0000	Pool Repair & Maintenance	19,784.80	27,171.00	0.00	27,171.00
K690 Total			109,739.01	108,000.00	0.00	108,000.00
K700		Contracts				
	6140-0000	Pest Control	23,278.94	108,557.00	0.00	108,557.00
	6150-0000	Uniforms	30,819.16	24,352.00	924.00	25,276.00
	AJE06	To adjust accrued expenses and accounts payab I100			924.00	
	6160-0000	Snow Removal	12,295.14	850.00	0.00	850.00
0 Total			66,393.24	133,759.00	924.00	134,683.00
K701		Trash Removal				

	6035-0000	Trash & Recycling Service	284,590.04	282,076.00	0.00	282,076.00
K701 Total			284,590.04	282,076.00	0.00	282,076.00
K702		Landscaping Contract				
	6110-0000	Grounds & Landscape Contract	271,118.08	267,444.00	22,287.00	289,731.00
	AJE08	To adjust prepaid expenses per detail. F400			22,287.00	
	6120-0000	Tree Maintenance	178,285.50	178,020.00	0.00	178,020.00
	6130-0000	Landscape Other	153,283.05	130,546.00	2,004.00	132,550.00
	AJE06	To adjust accrued expenses and accounts payable			2,004.00	
K702 Total			602,686.63	576,010.00	24,291.00	600,301.00
K703		Tree Maintenance				
K703 Total			0.00	0.00	0.00	0.00
K704		Landscape - Other				
K704 Total			0.00	0.00	0.00	0.00
K710		Supplies				
	6115-0000	Irr Unit Supplies - USP	32,582.36	13,685.00	(245.00)	13,440.00
	AJE06	To adjust accrued expenses and accounts payable			(245.00)	
	6195-0000	Vehicle Gas / Maintenance	30,817.02	33,591.00	1,232.00	34,823.00
	AJE06	To adjust accrued expenses and accounts payable			1,232.00	
	6440-0000	General Maintenance Supplies & Equipment	55,265.96	34,124.00	(718.00)	33,406.00
	AJE06	To adjust accrued expenses and accounts payable			(718.00)	
	6445-0000	Janitorial & Cleaning Supplies	19,917.02	26,358.00	(67.00)	26,291.00
	AJE06	To adjust accrued expenses and accounts payable			(67.00)	
	6455-0000	Plumbing Supplies	52,590.04	54,342.00	(857.00)	53,485.00
	AJE06	To adjust accrued expenses and accounts payable			(857.00)	
K710 Total			191,172.40	162,100.00	(655.00)	161,445.00
K720		Income Taxes				
	4900-0000	Deferred Taxed	(27,296.00)	0.00	0.00	0.00
	6740-0000	Income Tax	74,213.00	53,000.00	(22,291.00)	30,709.00
	AJE15	To adjust taxes receivable, taxes payable and income			(22,291.00)	
	6745-0000	Provision for taxes	0.00	0.00	3,377.00	3,377.00
	AJE14	To adjust deferred taxes per detail. D300			3,377.00	
K720 Total			46,917.00	53,000.00	(18,914.00)	34,086.00
K730		Real Estate Taxes				
	6750-0000	Property / Real Estate Tax	29,302.50	28,575.00	0.00	28,575.00
K730 Total			29,302.50	28,575.00	0.00	28,575.00
K740		Insurance				
	5390-0000	Workers Compensation	194,375.80	64,900.00	0.00	64,900.00
	6720-0000	Insurance - Package Policy	394,785.99	349,620.00	0.00	349,620.00
K740 Total			589,161.79	414,520.00	0.00	414,520.00
K750		Insurance Claim Expense				
	6725-0000	Insurance Deductible	0.00	50,000.00	(50,000.00)	0.00
	AJE17	To reverse clients entry to insurance claim deductible.			(50,000.00)	
K750 Total			0.00	50,000.00	(50,000.00)	0.00
K760		Depreciation Expense				
	6735-0000	Depreciation Expense	0.00	0.00	18,848.00	18,848.00
	AJE07	To adjust accumulated depreciation and depreciation			18,848.00	
K760 Total			0.00	0.00	18,848.00	18,848.00
K760R		Depreciation Expense Contra				
	6735-0100	Depreciation Expense Contra	0.00	0.00	(18,848.00)	(18,848.00)
	AJE16	To post depreciation expense to property fund. J200			(18,848.00)	
K760R Total			0.00	0.00	(18,848.00)	(18,848.00)
K770		Bad Debt Expense				
	6710-0000	Bad Debts	19,756.45	22,684.00	22,797.00	45,481.00
	AJE03	To adjust allowance for doubtful accounts per d-F250			22,797.00	
K770 Total			19,756.45	22,684.00	22,797.00	45,481.00
K780		Interest Expense				
	6780-0000	Owned Unit Mortgage Interest	9,900.44	8,459.00	0.00	8,459.00
K780 Total			9,900.44	8,459.00	0.00	8,459.00
K790		Painting				
	6450-0000	Painting Services	218,281.46	198,333.00	0.00	198,333.00
	6452-0000	Painting Supplies	0.00	1,108.00	0.00	1,108.00
K790 Total			218,281.46	199,441.00	0.00	199,441.00

K800		Reserve Expenditures				
	8550-1003	12.3o Asbestos Abatement Space 7yr Project	0.00	64,863.00	14,637.00	79,500.00
	AJE06	To adjust accrued expenses and accounts payab I100			6,262.00	
	AJE12	To reverse prior year accrued reserve expenditu J100			8,375.00	
	8550-1006	12.3p Building Settlement Allowance	0.00	221,167.00	(1,938.00)	219,229.00
	AJE11	To reverse reserve expenses that were incorrect I100			(1,938.00)	
	8550-1009	12.3m Building Waterproof Allowance	0.00	176,180.00	0.00	176,180.00
	8550-1011	12.3k Building Porches / Handrails Yrs 1-10	0.00	5,276.00	0.00	5,276.00
	8550-1012	1.6c Handrails on Walks	0.00	20,721.00	1,811.00	22,532.00
	AJE12	To reverse prior year accrued reserve expenditu J100			1,811.00	
	8550-1015	12.3l Building Stoop Replacement	0.00	150,065.00	(3,662.00)	146,403.00
	AJE12	To reverse prior year accrued reserve expenditu J100			(3,662.00)	
	8550-1021	12.3d Building Gutter / Fascia Repairs	0.00	27,011.00	0.00	27,011.00
	8550-1024	050-12.5 Building Downspouts	0.00	98,295.00	3,968.00	102,263.00
	AJE06	To adjust accrued expenses and accounts payab I100			5,904.00	
	AJE12	To reverse prior year accrued reserve expenditu J100			(1,936.00)	
	8550-1030	12.3v Building Mold Abatement Allowance	0.00	58,935.00	0.00	58,935.00
	8550-1033	12.3t Building Terra Cotta Tile Roofs	0.00	23,922.00	110.00	24,032.00
	AJE06	To adjust accrued expenses and accounts payab I100			110.00	
	8550-1036	050-12.4 Roofing	0.00	37,789.00	(2,201.00)	35,588.00
	AJE12	To reverse prior year accrued reserve expenditu J100			(2,201.00)	
	8550-1043	12.3c Building Copper Roof Flashing	0.00	6,839.00	0.00	6,839.00
	8550-1045	12.3j Building Shutter Replacement Allowance	0.00	2,160.00	0.00	2,160.00
	8550-1048	12.3g Building Masonry Tuckpointing	0.00	11,940.00	0.00	11,940.00
	8550-1054	12.3f Building Trim Replacement	0.00	226,634.00	0.00	226,634.00
	8550-1060	2.a Domestic Water Piping (C&H Laterals)	0.00	490,530.00	0.00	490,530.00
	8550-1069	2.3j SewerLaterals Program Yrs 1-5	0.00	105,090.00	(12,445.00)	92,645.00
	AJE11	To reverse reserve expenses that were incorrect I100			(12,445.00)	
	8550-1075	3.3b Boiler Room Water Heaters	0.00	169,557.00	(12,182.00)	157,375.00
	AJE12	To reverse prior year accrued reserve expenditu J100			(12,182.00)	
	8550-1076	3.3b Building Falling Ceiling Allowance	0.00	30,687.00	0.00	30,687.00
	8550-1079	2.3c Fire Hydrants - Replacements	0.00	1,173.00	0.00	1,173.00
	8550-2009	9.3a Finishes, Floor Covering, Paint	0.00	4,080.00	0.00	4,080.00
	8550-2012	Office Equipment (Computers Including Servers)	0.00	664.00	0.00	664.00
	8550-3009	9.3j AU Fitness Center HVAC	0.00	106.00	0.00	106.00
	8550-4006	9.3b AU Air Conditioners Years 1-10	0.00	5,531.00	0.00	5,531.00
	8550-4009	9.3c AU Appliances Years 1-10	0.00	4,495.00	0.00	4,495.00
	8550-4010	9.3e AU Kitchen Cabinets Rental Units 6	0.00	10,060.00	0.00	10,060.00
	8550-4012	9.3 Bathroom Renovations	0.00	869.00	0.00	869.00
	8550-5024	10.3d MC Building Tuckpointing Masonry	0.00	3,990.00	0.00	3,990.00
	8550-6003	1.3c Pavement, Milling & Overlay	0.00	15,354.00	0.00	15,354.00
	8550-6009	1.3k Crack & Sea, Coat / Restripe	0.00	4,349.00	0.00	4,349.00
	8550-6010	Crack Seal Coat & Restripe Pavement	0.00	725.00	0.00	725.00
	8550-6015	2.3d Storm Drain Systems (Yrs 1-10)	0.00	79,005.00	0.00	79,005.00
	8550-6021	1.6a Concrete Sidewalk, Leadwalks, Curbs, Steps	0.00	71,212.00	(41,767.00)	29,445.00
	AJE12	To reverse prior year accrued reserve expenditu J100			(41,767.00)	
	8550-6024	1.6d Fences - Vinyl coated CL 4"	0.00	600.00	0.00	600.00
	8550-6030	Fence - Picket	0.00	5,075.00	0.00	5,075.00
	8550-6033	1.6 Landscape Upgrades	0.00	124,696.00	0.00	124,696.00
	8550-6034	1.9f Mulching Common Areas	0.00	3,072.00	0.00	3,072.00
	8550-6039	1.6H Wooden Focal Signs	0.00	377.00	0.00	377.00
	8550-7015	5.3m A Pool Masonry Repairs	0.00	15,760.00	0.00	15,760.00
	8550-7023	6.3o B Pool Concrete Deck	0.00	5,075.00	0.00	5,075.00
	8550-7029	6.3g B Pool Furniture	0.00	17,503.00	(14,524.00)	2,979.00
	AJE11	To reverse reserve expenses that were incorrect I100			(7,262.00)	
	AJE12	To reverse prior year accrued reserve expenditu J100			(7,262.00)	
	8550-7043	7.3m C Pool Concrete Deck	0.00	30,145.00	0.00	30,145.00
	8550-7075	1.6k Tot Lot Playground Equipment	0.00	48,915.00	0.00	48,915.00
K800 Total			0.00	2,380,492.00	(68,193.00)	2,312,299.00
K800R		Reserve Expense - Contra				
	8105-0000	Cash Transfer Needed	0.00	(803,237.00)	0.00	(803,237.00)
	8305-0000	Cash Transferred	0.00	(1,577,256.00)	68,194.00	(1,509,062.00)
	AJE12	To reverse prior year accrued reserve expenditu J100			58,824.00	
K800R Total	AJE13	To post reserve activity. J100			9,370.00	
			0.00	(2,380,493.00)	68,194.00	(2,312,299.00)
K999		Suspense Account				
	6765-0000	Prior Year Owners Equity	0.00	78,778.00	(78,778.00)	0.00
K999 Total	AJE01	To close out Prior year equity to unappropriated C100			(78,778.00)	
			0.00	78,778.00	(78,778.00)	0.00
Leadsheet codes			0.00	0.00	0.00	0.00
Net Income (Loss)			143,178.62	(94,998.00)		23,699.00
Total Assets			6,905,124.40	6,763,886.00	1,681,485.00	8,445,371.00
Total Liabilities			(1,596,595.74)	(1,174,857.00)	(1,572,338.00)	(2,747,195.00)

Total Equity	<u>(5,165,350.04)</u>	<u>(5,684,027.00)</u>	<u>9,550.00</u>	<u>(5,674,477.00)</u>
Total Revenue	<u>(6,832,694.16)</u>	<u>(6,715,987.00)</u>	<u>67,154.00</u>	<u>(6,648,833.00)</u>
Total Expense	<u>6,689,515.54</u>	<u>6,810,985.00</u>	<u>(185,851.00)</u>	<u>6,625,134.00</u>

Client: PARKFAIRFAX CONDO. UNIT OWNERS ASSOCIATION
Engagement: Audit 05-31-2017
Current Period: 5/31/2017
Workpaper: Journal Entries

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
AJE01		C100			
	To close out Prior year equity to unappropriated equity.				
3300-0000	Unappropriated Equity		78,778.00	0.00	
6765-0000	Prior Year Owners Equity		0.00	78,778.00	
Total			78,778.00	78,778.00	78,778.00
AJE02		F100			
	To post funds received after cut off.				
1008-0000	Union Bank - Operating Checking		18,259.00	0.00	
2091-0000	Receipts After Cutoff		0.00	18,259.00	
Total			18,259.00	18,259.00	0.00
AJE03		F250			
	To adjust allowance for doubtful accounts per detail.				
6710-0000	Bad Debts		22,797.00	0.00	
1111-0000	Allowance for Doubtful Accounts		0.00	22,797.00	
Total			22,797.00	22,797.00	(22,797.00)
AJE04		I410			
	To adjust deferred laundry income, laundry income receivable and laundry income per detail.				
2140-0000	Deferred Laundry Allowance		3,935.00	0.00	
1127-0000	A/R - Laundry		2,906.00	0.00	
4635-0000	Laundry Fees		0.00	6,841.00	
Total			6,841.00	6,841.00	6,841.00
AJE05		I100			
	To isolate reserve accrued expenses for report purposes only.				
2020-0000	Accrued Expenses		152,125.00	0.00	
2030-0000	Accrued Expenses - Reserves		0.00	152,125.00	
Total			152,125.00	152,125.00	0.00

AJE06**I100**

To adjust accrued expenses and accounts payable per search for unrecorded liabilities.

2028-0000	Withholding - Retirement Plan	0.00	904.00	
5020-0000	Computer Repair & Maintenance	549.00	0.00	
5035-0000	Office Supplies	0.00	295.00	
5080-0000	Telephone Services	53.00	0.00	
5090-0000	Other Administrative Services	53.00	0.00	
5330-0000	Health Benefits	8,114.00	0.00	
5365-0000	Retirement - Management	1,265.00	0.00	
6010-0000	Water Service	0.00	152,627.00	
6020-0000	Gas Service	0.00	8,692.00	
6030-0000	Electric Service	0.00	3,176.00	
6115-0000	In Unit Supplies - USP	0.00	245.00	
6130-0000	Landscape Other	2,004.00	0.00	
6150-0000	Uniforms	924.00	0.00	
6195-0000	Vehicle Gas / Maintenance	1,232.00	0.00	
6415-0000	Electrical / Lighting R&M	289.00	0.00	
6430-0000	General Repairs & Maintenance	725.00	0.00	
6440-0000	General Maintenance Supplies & Equipment	0.00	718.00	
6445-0000	Janitorial & Cleaning Supplies	0.00	67.00	
6455-0000	Plumbing Supplies	0.00	857.00	
6640-0000	Legal - General Counsel	4,900.00	0.00	
6730-0000	Permits & Licenses	743.00	0.00	
2020-0000	Accrued Expenses	147,030.00	0.00	
8550-1003	12.3o Asbestos Abatement Space 7yr Project	6,262.00	0.00	
8550-1024	050-12.5 Building Downspouts	5,904.00	0.00	
8550-1033	12.3t Building Terra Cotta Tile Roofs	110.00	0.00	
2030-0000	Accrued Expenses - Reserves	0.00	12,276.00	
Total		180,157.00	180,157.00	133,850.00

AJE07**G100**

To adjust accumulated depreciation and depreciation expense per detail.

6735-0000	Depreciation Expense	18,848.00	0.00	
3020-0000	Property Fund	0.00	4,712.00	
1600-0000	Accumulated Depreciation	0.00	14,136.00	
Total		18,848.00	18,848.00	(18,848.00)

AJE08**F400**

To adjust prepaid expenses per detail.

6110-0000	Grounds & Landscape Contract	22,287.00	0.00	
5330-0000	Health Benefits	36,022.00	0.00	
1220-0000	Prepaid Other	0.00	58,309.00	
Total		58,309.00	58,309.00	(58,309.00)

AJE09**I300**

To adjust accrued payroll and payroll expense per detail.

5302-0000	Administrative Salaries	6,625.00	0.00	
5304-0000	Maintenance Salaries	28,925.00	0.00	
5306-0000	Managers Salaries	11,178.00	0.00	
2024-0000	Accrued Payroll	0.00	46,728.00	
Total		46,728.00	46,728.00	(46,728.00)

AJE10**I350**

To adjust accrued vacation per detail.

2025-0000	Accrued Vacation	19,867.00	0.00	
5302-0000	Administrative Salaries	0.00	2,505.00	
5304-0000	Maintenance Salaries	0.00	11,613.00	
5306-0000	Managers Salaries	0.00	5,749.00	
Total		19,867.00	19,867.00	19,867.00

AJE11 I100

To reverse reserve expenses that were incorrectly accrued.

2010-0000	Accounts Payable	21,645.00	0.00	
8550-1006	12.3p Building Settlement Allowance	0.00	1,938.00	
8550-1069	2.3j Sewer Laterals Program Yrs 1-5	0.00	12,445.00	
8550-7029	6.3g B Pool Furniture	0.00	7,262.00	
Total		21,645.00	21,645.00	21,645.00

AJE12 J100

To reverse prior year accrued reserve expenditures for report purposes.

8305-0000	Cash Transferred	58,824.00	0.00	
8550-1003	12.3o Asbestos Abatement Space 7yr Project	8,375.00	0.00	
8550-1012	1.6c Handrails on Walks	1,811.00	0.00	
8550-1015	12.3l Building Stoop Replacement	0.00	3,662.00	
8550-1024	050-12.5 Building Downspouts	0.00	1,936.00	
8550-1036	050-12.4 Roofing	0.00	2,201.00	
8550-1075	3.3b Boiler Room Water Heaters	0.00	12,182.00	
8550-6021	1.6a Concrete Sidewalk, Leadwalks, Curbs, Steps	0.00	41,767.00	
8550-7029	6.3g B Pool Furniture	0.00	7,262.00	
Total		69,010.00	69,010.00	0.00

AJE13 J100

To post reserve activity.

3200-1003	12.3o Asbestos Abatement Crawl Space Partial 7yr	6,262.00	0.00	
3200-1006	12.3p Building Settlement Allowance	0.00	1,938.00	
3200-1024	12.3e Building Downspout 3" & 4" Yrs 1-10	5,904.00	0.00	
3200-1033	12.3t Building Tera Cotta Tile Roofs Yrs 1-10	110.00	0.00	
3200-1069	2.3j Sewer Laterals Prog. Yrs 1-5	0.00	12,445.00	
3200-7029	6.3g B Pool Furniture 50%	0.00	7,262.00	
8305-0000	Cash Transferred	9,370.00	0.00	
5090-0000	Other Administrative Services	0.00	1.00	
6910-0000	Interest Income - Contra	73,995.00	0.00	
3100-0200	Reserve Interest	0.00	73,995.00	
1250-0000	Due from Reserves	1,657,263.00	0.00	
2250-0000	Due to Operating	0.00	1,657,263.00	
Total		1,752,904.00	1,752,904.00	(83,364.00)

AJE14 D300

To adjust deferred taxes per detail.

1149-0000	Deferred Taxes	23,919.00	0.00	
6745-0000	Provision for taxes	3,377.00	0.00	
2040-0000	Federal Income Tax Payable	0.00	27,296.00	
Total		27,296.00	27,296.00	(3,377.00)

AJE15 D100

To adjust taxes receivable, taxes payable and income tax expense per detail.

1130-0000	A/R - Federal Income Tax Refund	21,380.00	0.00	
1140-0000	A/R - State Tax Refund	3,000.00	0.00	
2050-0000	State Taxes Payable	0.00	2,089.00	
6740-0000	Income Tax	0.00	22,291.00	
Total		<u>24,380.00</u>	<u>24,380.00</u>	<u>22,291.00</u>

AJE16

J200

To post depreciation expense to property fund.

3405-0000	Property Fund	18,848.00	0.00	
6735-0100	Depreciation Expense Contra	0.00	18,848.00	
Total		<u>18,848.00</u>	<u>18,848.00</u>	<u>18,848.00</u>

AJE17

To reverse clients entry to insurance claim deductible.

1125-0001	Insurance Claim - Fire Loss	50,000.00	0.00	
6725-0000	Insurance Deductible	0.00	50,000.00	
Total		<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>

GRAND TOTAL

<u>2,566,792.00</u>	<u>2,566,792.00</u>	<u>118,697.00</u>
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PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION

**Financial Statements
and Supplementary Information with
Independent Auditors' Report**

**For the Year Ended May 31, 2017
with Summarized Totals
For the Year Ended May 31, 2016**



...improving the lives of our staff, clients and community
with innovation, trust and integrity.

Allen P. DeLeon, CPA, PFS, CIT
Richard C. Stang, CPA, PFS, AB
Jeanne Price, PAFM
Bradly L. Hoffman, CPA
Daniel L. DeLeon, CPA, ABV, CFF

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INDEPENDENT AUDITORS' REPORT

Board of Directors

Parkfairfax Condominium Unit Owners Association

Alexandria, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of ***Parkfairfax Condominium Unit Owners Association***, which comprise the balance sheet as of May 31, 2017 and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Parkfairfax Condominium Unit Owners Association
Independent Auditors' Report (Continued)
Page 2

Opinion

In our opinion, the 2017 financial statements referred to above present fairly, in all material respects, the financial position of ***Parkfairfax Condominium Unit Owners Association*** as of May 31, 2017, 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.

Prior Period Financial Statements

The financial statements of ***Parkfairfax Condominium Unit Owners Association*** as of May 31, 2016, were audited by other auditors whose report, dated November 14, 2016, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financials statements as a whole. The schedules of operating fund actual revenues and expenses compared to budgeted revenues and expenses on pages 20 – 23 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

DeLeon & Stang, CPAs
Gaithersburg, Maryland
Date _____



PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION

Balance Sheet

May 31, 2017

with Summarized Totals as of May 31, 2016

	Operating and Restricted Funds	Replacement Funds	Total 2017	2016
ASSETS				
Cash and cash equivalents - operating	\$ 130,840	\$ 414,884	\$ 545,724	\$ 893,932
Investments, at amortized cost	-	5,563,000	5,563,000	5,041,000
Assessments receivable (net of allowance for uncollectible accounts of \$106,838 in 2017 and \$62,673 in 2016)	78,042	-	78,042	75,958
Accounts receivable - laundry	10,805	-	10,805	8,000
Accounts receivable - other	4,383	-	4,383	327,231
Accrued interest receivable	-	14,474	14,474	10,947
Prepaid expenses	114,320	-	114,320	177,948
Income taxes receivable	23,182	-	23,182	2,287
Insurance claim receivable	28,276	-	28,276	-
Deferred income taxes	23,919	-	23,919	27,296
Due from replacement fund	1,657,263	-	1,657,263	1,633,876
Property and equipment (net of accumulated depreciation of \$993,689 in 2017 and \$974,841 in 2016)	381,983	-	381,983	400,831
TOTAL ASSETS	\$ 2,453,013	\$ 5,992,358	\$ 8,445,371	\$ 8,599,306
LIABILITIES AND FUND BALANCES				
<u>Liabilities:</u>				
Accounts payable and accrued expenses	\$ 153,637	\$ 164,401	\$ 318,038	\$ 860,332
Accrued payroll	213,643	-	213,643	192,150
Insurance claim payable	-	-	-	60,306
Security deposits	10,059	-	10,059	7,259
Prepaid assessments	245,010	-	245,010	210,532
Deferred cable revenue	119,000	-	119,000	135,800
Deferred laundry revenue	25,732	-	25,732	29,667
Income taxes payable	2,089	-	2,089	-
Note payable	156,361	-	156,361	160,855
Due to operating fund	-	1,657,263	1,657,263	1,633,876
Total liabilities	925,531	1,821,664	2,747,195	3,290,777
<u>Fund Balances:</u>				
Operating fund	1,525,649	-	1,525,649	1,501,950
Restricted fund - awards	1,833	-	1,833	1,833
Replacement reserve fund	-	3,788,711	3,788,711	3,403,915
Property fund	-	381,983	381,983	400,831
	1,527,482	4,170,694	5,698,176	5,308,529
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,453,013	\$ 5,992,358	\$ 8,445,371	\$ 8,599,306

See Accompanying Notes to the Financial Statements

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended May 31, 2017
with Summarized Totals for the Year Ended May 31, 2016

	Operating and Restricted Funds	Property Fund	Replacement Fund	Total 2017	2016
<u>Revenues:</u>					
Assessments - regular	\$ 6,300,286	\$ -	\$ 2,623,100	\$ 8,923,386	\$ 8,923,399
Association owned units - rental income	108,397	-	-	108,397	94,712
Unit service program - repairs	53,236	-	-	53,236	51,079
Laundry income	46,362	-	-	46,362	51,988
Storage rental	41,327	-	-	41,327	44,947
Resale certificates	38,807	-	-	38,807	54,104
Miscellaneous income	19,746	-	-	19,746	22,377
Cable income	16,800	-	-	16,800	16,800
Newsletter advertising	11,992	-	-	11,992	21,036
Late charges	11,593	-	-	11,593	9,794
Interest income	287	-	73,995	74,282	61,864
Total Revenues	6,648,833	-	2,697,095	9,345,928	9,352,100
<u>Expenses:</u>					
Payroll and related expenses					
Salaries	1,733,757	-	-	1,733,757	1,723,988
Taxes	140,392	-	-	140,392	148,703
Retirement	46,681	-	-	46,681	46,034
Bonuses	1,250	-	-	1,250	1,000
Water and sewer	1,128,165	-	-	1,128,165	1,009,751
Landscaping and tree maintenance	600,301	-	-	600,301	602,687
Employee health benefits	531,958	-	-	531,958	442,226
Insurance	414,520	-	-	414,520	589,162
Trash removal	282,076	-	-	282,076	284,590
Gas	258,709	-	-	258,709	291,597
Painting	199,441	-	-	199,441	218,281
Supplies	161,445	-	-	161,445	191,172
Repairs and maintenance	158,676	-	-	158,676	181,492
Contracts	134,683	-	-	134,683	66,393
Administrative	120,990	-	-	120,990	123,058
Pool	108,000	-	-	108,000	109,739
Electricity	96,057	-	-	96,057	101,701
Association owned units	95,098	-	-	95,098	95,581
Management	88,104	-	-	88,104	95,214
Professional services	85,362	-	-	85,362	105,255
Office equipment	48,531	-	-	48,531	53,382
Bad debt	45,481	-	-	45,481	19,756
Newsletter	41,054	-	-	41,054	41,467
Provision for income taxes	34,086	-	-	34,086	46,917
Telephone	33,283	-	-	33,283	33,868
Real estate taxes	28,575	-	-	28,575	29,303
Interest	8,459	-	-	8,459	9,900
Reserve expenditures	-	18,848	2,312,299	2,331,147	1,873,701
Total Expenses	6,625,134	18,848	2,312,299	8,956,281	8,535,918
Excess (Deficiency) of Revenues Over Expenses	23,699	(18,848)	384,796	389,647	816,182
Fund Balances, Beginning of Year	1,503,783	400,831	3,403,915	5,308,529	4,492,347
Fund Balances, End of Year	\$ 1,527,482	\$ 381,983	\$ 3,788,711	\$ 5,698,176	\$ 5,308,529

See Accompanying Notes to the Financial Statements
Page 4

PARKFAIRFAX CONOMINIUM UNIT OWNERS ASSOCIATION

Statement of Cash Flows

For the Year Ended May 31, 2017

with Summarized Totals for the Year Ended May 31, 2016

	Operating and Restricted Funds	Replacement Funds	Total 2017	2016
<u>Cash Flows From Operating Activities:</u>				
Excess of Revenues Over Expenses	\$ 23,699	\$ 365,948	\$ 389,647	\$ 853,876
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	-	18,848	18,848	18,847
Provision for bad debts	45,481	-	45,481	19,756
Deferred income taxes	3,377	-	3,377	(27,296)
(Increase) decrease in:				
Assessments receivable	(47,565)	-	(47,565)	(53,864)
Accounts receivable - laundry	(2,805)	-	(2,805)	(645)
Accounts receivable - other	322,848	-	322,848	(325,738)
Accrued interest receivable	-	(3,527)	(3,527)	(2,511)
Prepaid expenses	63,628	-	63,628	78,314
Income taxes receivable	(20,895)	-	(20,895)	4,616
Insurance claim receivable	(28,276)	-	(28,276)	50,101
Increase (decrease) in:				
Accounts payable and accrued expenses	(706,695)	164,401	(542,294)	359,498
Accrued payroll	21,493	-	21,493	22,285
Insurance claim payable	(60,306)	-	(60,306)	60,306
Security deposits	2,800	-	2,800	(1,022)
Prepaid assessments	34,478	-	34,478	(47,638)
Deferred cable revenue	(16,800)	-	(16,800)	(16,800)
Deferred laundry revenue	(3,935)	-	(3,935)	(4,000)
Income taxes payable	2,089	-	2,089	-
Net Cash Provided by (Used in) Operating Activities	(367,384)	545,670	178,286	988,085
<u>Cash Flows From Investing Activities:</u>				
Net purchases of investments	-	(522,000)	(522,000)	(1,125,000)
Net Cash Used in Investing Activities	-	(522,000)	(522,000)	(1,125,000)
<u>Cash Flows From Financing Activities:</u>				
Net interfund collections (repayment)	(4,539)	4,539	-	-
Repayment of note payable	(4,494)	-	(4,494)	(4,432)
Net Cash Provided by (Used in) Financing Activities	(9,033)	4,539	(4,494)	(4,432)
Net Increase (Decrease) in Cash and Cash Equivalents	(376,417)	28,209	(348,208)	(141,347)
Cash and Cash Equivalents, Beginning of Year	507,257	386,675	893,932	1,035,279
Cash and Cash Equivalents, End of Year	\$ 130,840	\$ 414,884	\$ 545,724	\$ 893,932
<u>Supplemental Disclosures of Cash Flow Information</u>				
Interest paid	\$ 8,459	\$ -	\$ 8,459	\$ 9,900
Income taxes paid	\$ 53,000	\$ -	\$ 53,000	\$ 81,000

See Accompanying Notes to the Financial Statements

PARKFAIRFAX CONODMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements
May 31, 2017

NOTE 1 – NATURE OF ORGANIZATION

Parkfairfax Condominium Unit Owners Association (Association), an unincorporated organization, was formed in 1977, under the laws of the Commonwealth of Virginia, to provide for the operation, maintenance and improvements of the common property of the Association. The Association is located in Alexandria, Virginia, and consists of 1,684 units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies followed by the Association is set forth below:

Basis of Accounting

The Association maintains its records on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Accounting

The Association uses fund accounting, which requires that funds, such as operating funds, restricted funds – awards, property fund and replacement reserve funds designated for future major replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors and Property Manager. Disbursements from the restricted fund – awards, property fund and the replacement reserve fund may be made only for designated purposes.

Fair Value of Financial Instruments

The Association currently does not measure any of its assets or liabilities at fair value and is not required under accounting principles generally accepted in the United States of America to disclose the fair value of its financial instruments.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Association considers all cash demand balances and all highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents.

Investments

The Association's investments consist of negotiable certificates of deposit classified as held-to-maturity securities and recorded at amortized cost, with unrealized gains and losses disclosed but not recorded on the financial statements. The amortized cost and fair value may differ due to market conditions.

Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are ninety days or more delinquent. An allowance for bad debts has been established as the Association currently anticipates a loss. Delinquent assessments may be written off if liens cannot be enforced although other collection activity may continue in an attempt to recover revenue.

The Association's Board of Directors has the ability, with proper approval by the membership, to pass special assessments when and if the need arises. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Assessments over 90 days delinquent were \$155,464 as of May 31, 2017.

Four (4) unit owners make up 27% of assessments receivable as of May 31, 2017.

Depreciation

Property and equipment are stated at historical cost, less accumulated depreciation. Depreciation is computed over the estimated useful lives of the depreciable assets using straight-line method. The estimated useful lives of these assets are as follows: equipment and vehicles 5 years, condominium units, net of land value, 30 years. Depreciation is reflected as a reserve expenditure to the property fund on the accompanying statement of revenues, expenses and changes in fund balances.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Commonly Owned Property

It is the Association's policy not to record real property and common areas acquired from the declarant and related improvements to such in the financial statements since covenants restrict the Association's ability to sell or dispose of these assets.

Deferred Laundry Income

Revenues received under a long term service contract are recognized on the straight-line method over the life of the agreement.

Deferred Cable Income

Revenues received under a long-term service contract are recognized on the straight-line method over the life of the agreement.

Interest Income

Interest income is allocated to the operating and replacement funds in proportion to the interest-bearing accounts in each fund.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total, but not by fund balances. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended May 31, 2016 from which the summarized information was derived.

Reclassification

Certain accounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The Association has evaluated the financial statements for subsequent events recording or disclosure through _____, the date the financial statements were available for issuance.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 3 – CASH AND CASH EQUIVALENTS

As of December 31, the Association maintained its funds in the following manner:

2017				
Institution	Type	Operating	Replacement	Total
Union Bank	Checking	\$ 130,340	\$ -	\$ 130,340
Petty cash	Cash	500	-	500
Wells Fargo	MMK	-	414,884	414,884
Wells Fargo	Investments	-	5,563,000	5,563,000
Total		<u>\$ 130,840</u>	<u>\$ 5,977,884</u>	<u>\$ 6,108,724</u>

2016				
Institution	Type	Operating	Replacement	Total
Union Bank	Checking	\$ 506,757	\$ -	\$ 506,757
Petty cash	Cash	500	-	500
Wells Fargo	MMK	-	386,675	386,675
Wells Fargo	Investments	-	5,041,000	5,041,000
Total		<u>\$ 507,257</u>	<u>\$ 5,427,675</u>	<u>\$ 5,934,932</u>

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PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 4 – INVESTMENTS

As of May 31, the Association maintained its investments in negotiable certificates of deposit. The negotiable certificates of deposit are classified as held-to-maturity and recorded at amortized cost.

The amortized costs and fair values of the negotiable certificates of deposit, by contractual maturity, as of May 31, are shown below. Expected maturities may differ from contractual maturities for the negotiable securities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

2017					
Maturity Year Ending May 31,	Interest Rate	Amortized Cost	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss
2018	0.85% - 1.50%	\$1,045,000	\$1,046,286	\$ 1,443	\$ (157)
2019	1.05% - 2.00%	1,258,000	1,257,699	1,842	(2,143)
2020	1.20% - 1.80%	1,580,000	1,576,377	3,444	(7,067)
2021	1.60% - 2.30%	990,000	989,771	5,172	(5,401)
2022	1.50% - 2.30%	690,000	687,301	3,132	(5,831)
		<u>\$5,563,000</u>	<u>\$5,557,434</u>	<u>\$ 15,033</u>	<u>\$ (20,599)</u>
2016					
Maturity Year Ending May 31,	Interest Rate	Amortized Cost	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss
2017	0.65% - 1.10%	\$ 848,000	\$ 848,830	\$ 830	\$ -
2018	0.85% - 1.50%	1,045,000	1,044,656	1,389	(1,733)
2019	1.05% - 2.00%	1,013,000	1,014,068	3,314	(2,246)
2020	1.20% - 1.75%	1,090,000	1,082,933	142	(7,209)
2021	2.00% - 2.30%	600,000	604,150	4,150	-
2022	1.50% - 2.30%	445,000	447,784	2,784	-
		<u>\$5,041,000</u>	<u>\$5,042,421</u>	<u>\$ 12,609</u>	<u>\$ (11,188)</u>

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PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 4 – INVESTMENTS (Continued)

Information pertaining to negotiable certificates of deposit with gross unrealized losses at May 31, 2017 and 2016, aggregated by length of time that individual certificates of deposit have been in a continuous loss position is below.

2017					
Less than one year		More than one year		Total	
Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
\$2,045,151	\$ (14,849)	\$ 1,034,249	\$ (5,750)	\$3,079,400	\$ (20,599)
<u>\$2,045,151</u>	<u>\$ (14,849)</u>	<u>\$ 1,034,249</u>	<u>\$ (5,750)</u>	<u>\$3,079,400</u>	<u>\$ (20,599)</u>
2016					
Less than one year		More than one year		Total	
Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
\$ 484,010	\$ (5,990)	\$ 1,094,802	\$ (5,198)	\$ 1,578,812	\$ (11,188)
<u>\$ 484,010</u>	<u>\$ (5,990)</u>	<u>\$ 1,094,802</u>	<u>\$ (5,198)</u>	<u>\$ 1,578,812</u>	<u>\$ (11,188)</u>

NOTE 5 – CONCENTRATION OF CREDIT RISK

Financial instruments, which subject the Association to a concentration of credit risk, consist of money market funds placed with one financial institution. Funds in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000 totaled \$94,943 and \$351,530 at May 31, 2017 and 2016, respectively.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at May 31:

	2017	2016
Condominium units (2)	\$ 875,271	\$ 875,271
Auto and trucks	500,401	500,401
	1,375,672	1,375,672
Less: accumulated depreciation	(993,689)	(974,841)
Property and equipment, net	<u>\$ 381,983</u>	<u>\$ 400,831</u>

The annual depreciation expense was \$18,848 and \$18,847 as of May 31, 2017 and 2016, respectively.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION

Notes to the Financial Statements (Continued)

May 31, 2017

NOTE 6 – PROPERTY AND EQUIPMENT (Continued)

The Association owns eighteen (18) condominium units. Thirteen of these units were deeded to the Association by the declarant and are recognized on the Association's financial statements at the fair market value at the time they were contributed to the Association. Five additional units were purchased by the Association and are recognized at their acquisition price. The declarant contributed twenty percent (20%) of the purchase price of four of these units to the Association. The remaining eighty percent (80%) was financed through mortgage notes secured by the condominium units. The mortgages have since been paid off. During fiscal year 2012, the Association purchased 3278 Martha Custis Drive, which is being financed through a mortgage note.

The Association uses these eighteen (18) units as emergency maintenance personnel housing rental units, exercise rooms and administrative offices.

Village I

1401 Martha Custis Drive	\$ 29,000
1403 Martha Custis Drive	30,000
1405 Martha Custis Drive	44,000
1407 Martha Custis Drive	45,000
1409 Martha Custis Drive	30,000
1411 Martha Custis Drive	29,000

Village II

3544 Martha Custis Drive	27,000
3546 Martha Custis Drive	26,000
3552 Martha Custis Drive	26,000
3554 Martha Custis Drive	27,000

Village III

3356 Gunston Road	30,000
3358 Gunston Road	33,000
3360 Gunston Road	52,000
3362 Gunston Road	50,000
3364 Gunston Road	33,000

Village IV

3278 Martha Custis Drive	273,271
3344 Valley Drive	45,500
3354 Valley Drive	<u>45,500</u>

Total \$875,271

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION

Notes to the Financial Statements (Continued)

May 31, 2017

NOTE 7 – DEFERRED CABLE REVENUE

July 1, 2014, the Association granted an easement agreement to Comcast of Virginia, LLC (“Comcast”) to provide services to the residents of *Parkfairfax Condominium Unit Owners Association*. The easement is for a ten (10) year period. As compensation for the easement, Comcast paid the Association a fee aggregating \$168,000, which has been deferred and is to be recognized ratably over the initial ten-year term of the easement. Upon early termination of the agreement, the unearned portion of the proceeds would be due back to Comcast based on the terms of the contract. Revenues from the agreement are recognized on a straight-line basis over the term of the agreement, and aggregated \$16,800, for the years ended May 31, 2017 and 2016.

As of May 31, 2017 and 2016, \$119,000 and \$135,800, respectively, remained in deferred cable revenue.

NOTE 8 – DEFERRED LAUNDRY REVENUE

November 5, 2013, the Association entered into a ten (year) agreement with Caldwell & Gregory. As part of the agreement the Association received a \$40,000 renovation allowance. If the agreement is terminated early this amount would be due back to Caldwell & Gregory based on a prorated portion of the agreement. Revenues from the agreement are recognized on a straight line basis over the term of the agreement, and aggregated \$4,000, for the years ended May 31, 2017 and 2016.

As of May 31, 2017 and 2016, \$25,732 and \$29,667, respectively, remained in deferred laundry revenue.

NOTE 9 – NOTE PAYABLE

November 3, 2011, the Association obtained a note payable with Burke and Herbert Bank & Trust Company in the amount of \$178,141 to finance the purchase of a condominium unit located at 3278 Martha Custis Drive. The note, which bears fixed interest rate of 5.50% until November 2016 will be adjusted every five (5) years based on the 5 year Treasury Index plus 3.25% and matures on November 3, 2026. Monthly payments of principle and interest in the amount of \$1,102 began on December 3, 2011 and are due and payable on the third day of each calendar month.

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PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 9 – NOTE PAYABLE (Continued)

Future principal maturities of the note payable are as follows:

<u>Year Ending May 31,</u>	
2018	\$ 4,743
2019	5,010
2020	5,293
2021	5,592
2022	5,907
Thereafter	<u>129,816</u>
	<u>\$ 156,361</u>

Interest expense incurred under this obligation aggregated \$8,459 and \$9,900 during May 31, 2017 and 2016, respectively.

NOTE 10 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

Reserve Advisors, Inc. conducted a study in 2015 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. The table included in the Unaudited Supplementary Information on Future Major Repairs and Replacements is based on the study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of future replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding recommendation of \$2,623,100 from assessments and \$73,995 of interest has been included in the 2017 budget. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special or further assessments, or delay major repairs and replacements until funds are available.

As of May 31, 2017, the replacement reserve funds owed \$1,657,263 to the operating fund.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 10 – FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

Replacement reserve expenditures for the year ended May 31, 2017 and 2016 are as follows:

<u>Expenditures:</u>	<u>2017</u>	<u>2016</u>
Water/sewer pipes	583,175	333,297
Wood trim replacment	226,634	73,500
Building settlment	219,229	106,918
Waterproofing	176,180	201,789
Water heaters	157,375	72,736
Stoop replacement	146,403	51,035
Gutters/downspouts/fascia repairs	129,274	99,616
Landscaping	128,145	168,218
Swimming pools and tot lots	102,874	46,124
Asbestos abatement	79,500	150,950
Storm drain system	79,005	67,115
Roofing	66,459	72,346
Mold abatement	58,935	88,233
Asphalt and concrete	49,873	162,930
Building interiors	36,604	31,421
Handrails	27,808	22,161
Association units	20,955	28,128
Depreciation	18,848	18,847
Masonry tuckpointing	15,930	56,115
Picket Fences	5,675	1,301
Shutters	2,160	1,564
HVAC	106	18,012
Reserve study	-	1,345
Expenditures for the year	<u>\$ 2,331,147</u>	<u>\$ 1,873,701</u>

NOTE 11 – PROPERTY FUND

The Association has established a property fund to track activity related to the capitalization and depreciation of property and equipment. As of May 31, 2017 and 2016, the balance of the property fund was \$381,983 and \$400,831, respectively.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION

Notes to the Financial Statements (Continued)

May 31, 2017

NOTE 12 – OWNERS' ASSESSMENTS

Monthly assessments to owners were \$377.80 to \$753.33 in 2017 and 2016. Of these amounts, approximately \$111.06 to \$221.45 and \$107.82 to \$214.99 was designated to the replacement fund in 2017 and 2016, respectively.

NOTE 13 – RENTAL INCOME

The Association owns (18) units, which it rents out nine (9) of those units. Rental income for the units was \$108,397 and \$94,712 for 2017 and 2016, respectively. Expenses associated with the rental units were \$95,098 and \$95,581 for 2017 and 2016, respectively.

As part of the collective bargaining agreement, the Association rents out four (4) of the units it owns to employees that perform emergency work. The rent is a deduction from the employees' paycheck and is not recognized as revenue on the accompanying statement of revenues, expenses and changes in fund balance.

NOTE 14 – COLLECTIVE BARGAINING AGREEMENT

Approximately two-thirds of the Association's work force is covered under a collective bargaining agreement. The collective bargaining agreement is in effect until May 31, 2017. The agreement was renegotiated and a new agreement became effective from June 1, 2017 through May 31, 2020. Written notice must be given by either party sixty (60) days prior to the expiration date of this agreement in order to terminate the agreement. If no notice is given, the terms and conditions shall constitute the status quo while the parties negotiate a new agreement.

NOTE 15 – INCOME TAXES

The Association may be taxed either as a homeowners' association or as a regular corporation. For the years ended May 31, 2017 and 2016, the Association was taxed as a homeowners' association, in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from members solely as a function of their membership in the Association. The Association is taxed on its investment income and other non-exempt function income. The income tax expense for 2017 and 2016 was \$30,709 and \$74,213, respectively.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 15 – INCOME TAXES

In accordance with accounting standards, a deferred tax asset has been recorded in the financial statements. Deferred assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. During fiscal year 2016, for tax purposes, the deferred cable revenue was recognized as taxable income. For financial statement purposes, the cable income was deferred over the term of the contract.

	<u>2017</u>	<u>2016</u>
Current state and federal taxes	\$ 30,709	\$ 74,213
Adjustments to deferred taxes	<u>3,377</u>	<u>(27,296)</u>
Provision for income taxes	<u>\$ 34,086</u>	<u>\$ 46,917</u>

As of May 31, 2017 and 2016, the Association had a deferred tax asset of \$23,919 and \$27,296, respectively. For fiscal years 2017 and 2016, the asset represents \$16,779 and \$19,148, respectively, for federal and \$7,140 and \$8,148, respectively, for state income taxes.

NOTE 16 – RETIREMENT PLAN

The Parkfairfax Condominium Unit Owners Association Employees' Retirement Savings Plan was established in 1987. Full-time, non-temporary employees are eligible to participate after six (6) months of full-time employment. The employee must meet the minimum requirement of working 780 hours in the 26-week period. Employees may elect to contribute up to 14% of their salary annually. The Association will match contributions up to three percent (3%) based on the tenure of the employee.

The contribution expense as of May 31, 2017 and 2016, was \$46,681 and \$46,034, respectively.

NOTE 17 – RELATED PARTY TRANSACTIONS

The Association was managed by Community Management Corporation (CMC) through October 31, 2015. CMC is An Associa® Company (Associa). Officers of Associa are stockholders in Pacific Premier Bank. In addition, the President/Chief Executive Officer of Associa serves on the bank's Board of Directors. The Association maintained funds at Pacific Premier Bank during fiscal year 2016.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Notes to the Financial Statements (Continued)
May 31, 2017

NOTE 17 – RELATED PARTY TRANSACTIONS (Continued)

CMC utilized a central management payroll system whereby payroll returns were filed under the management agent's name and federal identification number for payroll for the on-site manager. All other employees are included on the Association's payroll returns. In addition to the payment for management fees, the Association reimbursed management for wages, payroll taxes, workers' compensation and health insurance for the Association's on-site manager.

NOTE 18 - SUBSEQUENT EVENT

Subsequent to the year-end, the Association incurred replacement reserve expenditures of approximately \$_____, for various projects.

SUPPLEMENTARY INFORMATION

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Schedules of Operating Fund Actual Revenues and Expenses
Compared to Budgeted Revenues and Expenses
For the Years Ended May 31, 2017 and 2016

	2017			2016		
	Actual	Budget (Unaudited)	Variance	Actual	Budget (Unaudited)	Variance
<u>Revenues:</u>						
<u>Assessments - Regular</u>						
Condominium assessments	\$ 8,923,386	\$ 8,924,793	\$ (1,407)	\$ 8,923,399	\$ 8,924,793	\$ (1,394)
Replacement reserve - contributions	(2,623,100)	(2,623,100)	-	(2,546,700)	(2,546,700)	-
Total Assessments - Regular	6,300,286	6,301,693	(1,407)	6,376,699	6,378,093	(1,394)
<u>Association owned units - rental income</u>						
Rental 223-3278 Martha Custis Dr	19,598	15,140	4,458	18,168	15,140	3,028
Rental 309-3546 Martha Custis Dr	15,850	13,334	2,516	11,898	13,334	(1,436)
Rental 309-3552 Martha Custis Dr	13,729	13,877	(148)	16,677	13,877	2,800
Rental 401-1401 Martha Custis Dr	16,995	15,000	1,995	18,225	15,000	3,225
Rental 401-1403 Martha Custis Dr	15,011	15,460	(449)	12,560	15,460	(2,900)
Rental 401-1407 Martha Custis Dr	11,484	11,134	350	9,278	20,460	(11,182)
Rental 309-3554 Martha Custis Dr	15,730	4,272	11,458	7,906	4,272	3,634
Total Assessments - Regular	108,397	88,217	20,180	94,712	97,543	(2,831)
<u>Unit service programs - repairs</u>	53,236	60,000	(6,764)	51,079	60,000	(8,921)
<u>Laundry income</u>	46,362	48,000	(1,638)	51,988	48,000	3,988
<u>Storage rental</u>	41,327	55,000	(13,673)	44,947	50,000	(5,053)
<u>Resale certificates</u>	38,807	30,000	8,807	54,104	30,000	24,104
<u>Miscellaneous Income</u>						
Key fees	5,605	8,000	(2,395)	6,769	8,000	(1,231)
Facility rental income	6,066	5,000	1,066	6,256	5,000	1,256
Other user income	7,420	11,125	(3,705)	6,871	14,000	(7,129)
Miscellaneous income	655	-	655	2,481	-	2,481
Total Miscellaneous Income	19,746	24,125	(4,379)	22,377	27,000	(4,623)
<u>Cable income</u>	16,800	16,800	-	16,800	16,800	-
<u>Newsletter advertising</u>	11,992	27,830	(15,838)	21,036	27,830	(6,794)
<u>Late charges</u>	11,593	18,000	(6,407)	9,794	18,000	(8,206)
<u>Interest income</u>						
Interest income - total	74,282	5,000	69,282	61,864	5,000	56,864
Interest income - to reserves	(73,995)	-	(73,995)	-	-	-
Total Interest Income	287	5,000	(4,713)	61,864	5,000	56,864
Total Revenues	6,648,833	6,674,665	(25,832)	6,805,400	6,758,266	47,134

(Continued)

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Schedules of Operating Fund Actual Revenues and Expenses
Compared to Budgeted Revenues and Expenses (Continued)
For the Years Ended May 31, 2017 and 2016

	2017			2016		
	Actual	Budget (Unaudited)	Variance	Actual	Budget (Unaudited)	Variance
<u>Expenses:</u>						
<u>Payroll and benefits:</u>						
<u>Salaries</u>						
Maintenance	1,197,102	1,214,259	(17,157)	1,208,919	1,171,003	37,916
Management	315,488	307,081	8,407	313,030	301,060	11,970
Administrative	221,167	240,000	(18,833)	202,039	266,749	(64,710)
Total Salaries	1,733,757	1,761,340	(27,583)	1,723,988	1,738,812	(14,824)
<u>Taxes</u>						
Maintenance	97,984	111,533	(13,549)	107,291	109,346	(2,055)
Management	24,689	30,708	(6,019)	24,543	30,106	(5,563)
Administrative	17,719	26,985	(9,266)	16,869	26,456	(9,587)
Total Taxes	140,392	169,226	(28,834)	148,703	165,908	(17,205)
<u>Retirement</u>						
Maintenance	28,111	24,720	3,391	30,897	24,000	6,897
Management	13,063	11,330	1,733	10,457	11,000	(543)
Administrative	5,507	6,180	(673)	4,680	6,000	(1,320)
Total Retirement	46,681	42,230	4,451	46,034	41,000	5,034
Bonuses	1,250	2,000	(750)	1,000	2,000	(1,000)
<u>Water and sewer</u>	1,128,165	1,125,354	2,811	1,009,751	1,092,577	(82,826)
<u>Landscaping and tree maintenance</u>						
Grounds and landscaping contract	289,731	271,096	18,635	271,118	271,096	22
Tree maintenance	178,020	128,250	49,770	178,286	128,250	50,036
Landscaping - other	132,550	150,750	(18,200)	153,283	150,750	2,533
Total Landscaping and tree maintenance	600,301	550,096	50,205	602,687	550,096	52,591
<u>Employee health benefits</u>	531,958	472,981	58,977	442,226	547,662	(105,436)
<u>Insurance</u>						
Insurance	349,620	355,000	(5,380)	394,786	467,057	(72,271)
Workers compensation insurance	64,900	60,981	3,919	194,376	107,000	87,376
Total Insurance	414,520	415,981	(1,461)	589,162	574,057	15,105
<u>Trash removal</u>	282,076	295,216	(13,140)	284,590	289,427	(4,837)
<u>Gas</u>	258,709	300,000	(41,291)	291,597	318,146	(26,549)
<u>Painting</u>						
Painting services	198,333	201,300	(2,967)	218,281	210,000	8,281
Painting supplies	1,108	20,000	(18,892)	-	-	-
Total Painting	199,441	221,300	(21,859)	218,281	210,000	8,281
<u>Supplies</u>						
Plumbing supplies	53,485	30,000	23,485	52,590	30,000	22,590
Vehicle gas and maintenance	34,823	25,000	9,823	30,817	28,000	2,817
General maintenance supplies and equipment	33,406	42,000	(8,594)	55,266	42,000	13,266
Janitorial and cleaning supplies	26,291	18,000	8,291	19,917	18,000	1,917
In unit maintenance supplies	13,440	25,000	(11,560)	32,582	25,000	7,582
Total Supplies	161,445	140,000	21,445	191,172	143,000	48,172

(Continued)

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Schedules of Operating Fund Actual Revenues and Expenses
Compared to Budgeted Revenues and Expenses (Continued)
For the Years Ended May 31, 2017 and 2016

	2017			2016		
	Actual	Budget (Unaudited)	Variance	Actual	Budget (Unaudited)	Variance
<u>Repairs and Maintenance</u>						
General repairs and maintenance	62,933	60,000	2,933	67,564	60,000	7,564
Electrical and lighting	41,892	20,000	21,892	28,416	20,000	8,416
Building	33,826	35,000	(1,174)	34,332	39,750	(5,418)
Vehicles	10,257	20,000	(9,743)	18,793	15,238	3,555
Tools and equipment	5,055	6,000	(945)	15,913	8,500	7,413
Exercise equipment	4,246	3,000	1,246	5,985	3,000	2,985
Railing installation	400	15,000	(14,600)	9,907	3,000	6,907
Equipment rental	67	5,000	(4,933)	582	7,000	(6,418)
Total Repairs and Maintenance	158,676	164,000	(5,324)	181,492	156,488	25,004
<u>Contracts</u>						
Pest control	108,557	45,000	63,557	23,279	45,000	(21,721)
Uniforms	25,276	20,000	5,276	30,819	20,000	10,819
Snow removal	850	20,000	(19,150)	12,295	20,000	(7,705)
Total Contracts	134,683	85,000	49,683	66,393	85,000	(18,607)
<u>Administrative</u>						
Other administrative services	26,156	34,000	(7,844)	25,364	36,000	(10,636)
Office supplies	17,939	16,500	1,439	18,123	16,500	1,623
Postage	17,309	20,000	(2,691)	12,673	20,000	(7,327)
Office systems service	16,776	18,500	(1,724)	22,282	18,500	3,782
Board / annual meeting	12,471	13,330	(859)	11,991	13,330	(1,339)
Copying	10,414	6,800	3,614	6,923	6,800	123
Printing	9,658	4,400	5,258	4,082	4,400	(318)
Activity charges / committees	6,388	10,000	(3,612)	11,663	20,000	(8,337)
Permits and licenses	2,243	22,830	(20,587)	3,058	22,830	(19,772)
Education / training	1,302	16,000	(14,698)	4,094	16,000	(11,906)
Website design and maintenance	228	20,000	(19,772)	294	20,000	(19,706)
Employee recruitment	106	400	(294)	1,538	400	1,138
Dues and subscriptions	-	300	(300)	330	300	30
Mileage reimbursement	-	500	(500)	600	500	100
Other expenses	-	-	-	43	-	43
Total Administrative	120,990	183,560	(62,570)	123,058	195,560	(72,502)
<u>Pool</u>						
Management	80,829	82,500	(1,671)	89,954	88,340	1,614
Repairs and maintenance	27,171	14,500	12,671	19,785	14,500	5,285
Total Administrative	108,000	97,000	11,000	109,739	102,840	6,899
<u>Electricity</u>	96,057	105,485	(9,428)	101,701	105,485	(3,784)
<u>Association owned units</u>	95,098	89,440	5,658	95,581	89,440	6,141
<u>Management</u>	88,104	66,129	21,975	95,214	122,500	(27,286)
<u>Professional Services</u>						
Legal - labor relations	30,389	75,000	(44,611)	-	-	-
Legal - general counsel	20,321	30,000	(9,679)	27,566	30,000	(2,434)
Audit / tax return preparation	15,000	14,500	500	22,600	14,500	8,100
Engineering services	9,689	15,000	(5,311)	39,683	15,000	24,683
Legal - collections	9,415	20,000	(10,585)	7,603	20,000	(12,397)
Professional fees	548	-	548	7,803	25,000	(17,197)
Total Professional Services	85,362	154,500	(69,138)	105,255	104,500	755

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
Schedules of Operating Fund Actual Revenues and Expenses
Compared to Budgeted Revenues and Expenses (Continued)
For the Years Ended May 31, 2017 and 2016

	2017			2016		
	Actual	Budget (Unaudited)	Variance	Actual	Budget (Unaudited)	Variance
<u>Office Equipment</u>						
Computer repair and maintenance	45,648	23,123	22,525	40,475	23,122	17,353
Office equipment lease	<u>2,883</u>	<u>12,600</u>	<u>(9,717)</u>	<u>12,907</u>	<u>11,400</u>	<u>1,507</u>
Total Office Equipment	48,531	35,723	12,808	53,382	34,522	18,860
<u>Bad debt</u>	<u>45,481</u>	<u>10,000</u>	<u>35,481</u>	<u>19,756</u>	<u>20,000</u>	<u>(244)</u>
<u>Newsletter</u>	<u>41,054</u>	<u>36,000</u>	<u>5,054</u>	<u>41,467</u>	<u>32,200</u>	<u>9,267</u>
<u>Provision for Income Taxes</u>						
Deferred tax benefit	-	-	-	(27,296)	-	(27,296)
Income Tax	30,709	15,000	15,709	74,213	8,000	66,213
Provision for taxes - deferred	<u>3,377</u>	<u>-</u>	<u>3,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Provision for Income Taxes	34,086	15,000	19,086	46,917	8,000	38,917
<u>Telephone</u>	<u>33,283</u>	<u>32,500</u>	<u>783</u>	<u>33,868</u>	<u>25,300</u>	<u>8,568</u>
<u>Real Estate Taxes</u>	<u>28,575</u>	<u>15,500</u>	<u>13,075</u>	<u>29,303</u>	<u>15,500</u>	<u>13,803</u>
<u>Interest</u>	<u>8,459</u>	<u>10,326</u>	<u>(1,867)</u>	<u>9,900</u>	<u>10,325</u>	<u>(425)</u>
Total Operating Expenses	<u>6,625,134</u>	<u>6,595,887</u>	<u>29,247</u>	<u>6,662,217</u>	<u>6,780,345</u>	<u>(118,128)</u>
Excess of Revenues Over Expenses	<u>\$ 23,699</u>	<u>\$ 78,778</u>	<u>\$ (55,079)</u>	<u>\$ 143,183</u>	<u>\$ (22,079)</u>	<u>\$ 165,262</u>

VAN NESS EAST CONDOMINIUM ASSOCIATION
Supplementary Information on Future Major Repairs and Replacements
May 31, 2017
(Unaudited)

An independent engineering firm conducted a reserve study in 2015 to estimate the remaining useful lives and the replacement costs of the components of common property utilizing the cash flow method of funding. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study and assumed a 3.0% inflation factor. The study also assumed a rate of return on investments of 1.1% annually and earned interest would be a contribution to the replacement reserve fund. A new reserve study is underway.

The following information is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>2015 Estimated Useful Life (Years)</u>	<u>2015 Estimated Total Future Replacement Costs</u>
Exterior building elements	2-20	\$ 78,715,449
Building services elements	2-21	19,790,217
Clubhouse / management office	2-10	783,152
Exercise room	3-13	538,874
Rental and staff units	2-10	1,351,184
Maintenance facilities	2-15	3,032,172
Property site	2-25	11,906,755
Recreation	2-23	4,868,122
Martha Custis tennis courts	2-20	585,881
Valley Drive tennis and basketball courts	2-21	1,078,419
2016 reserve expenditures	1	2,306,750
Reserve study update with site visit	2	9,400
TOTAL		<u>\$ 124,966,375</u>



...improving the lives of our staff, clients and community
with innovation, trust and integrity.

Allen P. DeLeon, CPA, PFS, CITP
Richard C. Stang, CPA, PFS, CFP
Jeanne Price, PA
Bradly L. Hoffman, CPA
Daniel L. DeLeon, CPA, ABV, CFF

www.deleonandstang.com

_____, 2017

AU-C §260 LETTER

The Board of Directors
Parkfairfax Condominium Unit Owners Association
c/o Ms. Andrea Galler
Klingbeil, Powell & Alrutz, Inc.
6402 Arlington Boulevard, Suite 700
Falls Church, VA 22042

Dear Members of the Board:

We have audited the financial statements of *Parkfairfax Condominium Unit Owners Association* for the year ended May 31, 2017, and have issued our report thereon dated _____. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated January 23, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by *Parkfairfax Condominium Unit Owners Association* are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

100 Lakeforest Boulevard, Suite 650
Gaithersburg, MD 20877
P: 301-948-9825
F: 301-948-3220

210 Wirt Street SW, Suite 102
Leesburg, VA 20175
P: 571-442-5220
F: 571-730-3669

150 S. East Street, Suite 103
Frederick, MD 21701
P: 301-250-7400
F: 240-668-6448

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts, which is based on historical loss levels and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the remaining useful lives and the replacement costs of the components of common property, which are based on a replacement reserve study conducted by independent engineers. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accumulated depreciation, which is based on historical costs and the expected economic useful lives of the fixed assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of funding for future major repairs and replacements in Note 10 to the financial statements. The funding for future major repairs and replacements is based, in part, on a study conducted in **2015** to estimate the remaining useful lives and the replacement costs of the components of common property. However, due to the inherent limitations of estimates, amounts being accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The effects of such misstatements were to understate assets by \$1,681,485, understate liabilities by \$1,572,338, overstate members' equity by \$9,550, and overstate net deficiency of expenses over revenues) by \$118,697

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated _____.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. ~~However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.~~

Please see the AU-C §265 letter with management comments for internal control recommendations and other suggestions

Supplementary Information Accompanying the Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the Board of Directors and management of ***Parkfairfax Condominium Unit Owners Association***, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

DeLeon & Stang, CPAs and Advisors

D&S/kp

AU-C §265 Letter with Management Comments

The Board of Directors
Parkfairfax Condominium Unit Owners Association
c/o Ms. Andrea Galler
Klingbeil, Powell & Alrutz, Inc.
6402 Arlington Boulevard, Suite 700
Falls Church, VA 22042

In planning and performing our audit of the financial statements of ***Parkfairfax Condominium Unit Owners Association*** (Association) as of and for the year ended May 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered ***Parkfairfax Condominium Owners Association's*** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of ***Parkfairfax Condominium Unit Owners Association's*** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

SIGNIFICANT DEFICIENCY

We consider the following deficiency in *Parkfairfax Condominium Unit Owners Association's* internal control to be a significant deficiency.

1. Adjusting Journal Entries

During the audit, we proposed seventeen (17) adjusting journal entries. The effect of such entries was to increase assets by \$1,681,485, increase liabilities by \$1,572,338 and decrease members' equity by \$109,147. The effect of such entries on the net loss for the year ended May 31, 2017 was to decrease it by \$118,697, from an unaudited net loss of \$94,998 to an audited net income of \$23,699. The majority of the entries were to make accruals that could have been made by management, if accrual accounting had been used. We recommend that management and the Board of Directors review the content of the audit adjustments made to the year-end statements and consider incorporating them into the monthly and, especially, the year-end closing process.

OTHER MANAGEMENT COMMENTS

The following comments are not considered internal control deficiencies, but are comments to improve financial and/or tax reporting or enhance operating efficiencies.

1. Payroll Tax Filing

The Association's previous payroll service provider submitted erroneous payroll tax filing for the 4th quarter in 2015. As a result, the association was assessed \$50,392 by the IRS for this issue. This amount has not been paid by the association. It is our understanding that management and the current payroll service provider are working together to resolve this matter. We recommend that management continue to periodically contact the IRS and the payroll provider to get updates on this matter and to ensure that the IRS waives the assessments.

2. Retirement Withholding

As of May 31, 2017, the total retirement withholding payable was \$14,692. A portion of the payable relates to May 2017; however, there is a significant amount that is for prior periods. We recommend that management work with the 401K plan administrator to ensure that all employees' withholdings have been deposited in their individual retirement accounts in a timely manner.

3. Concentration of Credit Risk

Financial instruments, which subject the association to concentration of credit risk, consist of demand deposit, savings and money market funds placed with one financial institution. At various times throughout the year, the Association may have balances in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Funds in excess of FDIC limits of \$250,000 aggregated \$94,943 at May 31, 2017. The Association has not experienced any losses on its cash balances, and does not believe it is exposed to any risk.

4. Sweep Accounts

The Association has a significant amount of funds deposited in sweep accounts with Wells Fargo Advisors. These funds are eligible for the FDIC insurance up to \$250,000 per depositor, per bank. These funds are not held with the brokerage firm and therefore are not covered by SIPC. At May 31, 2017 the Association had \$414,493 in two financial institutions, however, they were both associated with Wells Fargo and may not be fully insured under FDIC.

We recommend that the Board and management verify that the financial institutions are federally insured and that each institution is a separate entity and therefore the funds are fully insured.

5. Due to Operating Fund

At May 31, 2017, the operating fund was owed \$1,657,263 from the replacement reserve fund. This number is typically a result of activity such as budgeted reserve contributions less expenditures since the inception of the Association as an entity. Management does a good job with investing the Association's funds so rather than recommending that management budget to repay this amount back to the operating fund we recommend that management set up an operating investment account with their brokerage agent. This would allow the funds to be segregated but still allow them to generate revenue for the Association.

6. Audit Presentation

The financial statements' presentation uses the fund method, as recommended by the AICPA guidelines for common interest realty associations (CIRA). This type of presentation isolates operating activities and reserve activities, unlike the presentation the Association utilized in previous years. This method of presentation portrays the daily activity of the Association and its operating and replacement reserve funds in a more accurate light.

This communication is intended solely for the information and use of the Board of Directors, management and others within *Parkfairfax Condominium Unit Owners Association*, and is not intended to be, and should not be, used by anyone other than these specified parties.

**DeLeon & Stang, CPAs and Advisors
Gaithersburg, Maryland
Date _____**

D&S/kp

Parkfairfax Condominium Unit Owners Association
Klingbeil, Powell & Alrutz, Inc.
6402 Arlington Boulevard, Suite 700
Falls Church, VA 22042

To: DeLeon & Stang
Certified Public Accountants & Advisors
100 Lakeforest Boulevard, Suite 650
Gaithersburg, MD 20877

This representation letter is provided in connection with your audit of the financial statements of ***Parkfairfax Condominium Unit Owners Association*** (Association), which comprise the balance sheet as of May 31, 2017, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 23, 2017, including our responsibility for the preparation and fair presentation of the financial statements.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

Parkfairfax Condominium Unit Owners Association
Management Representation Letter
Page 2

- 8) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with *FASB Accounting Standards Codification 450, Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 9) Material concentrations have been properly disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Association is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 11) Transfers or designations of fund balance or interfund borrowings have been properly authorized and approved and have been properly recorded or disclosed in accordance with GAAP.
- 12) Uncollectible interfund loans have been properly accounted for and disclosed in accordance with GAAP.
- 13) Negotiable certificates of deposit that have been classified as held-to-maturity have been so classified due to *Parkfairfax Condominium Unit Owners Association's* ability and intent.
- 14) Receivables recorded in the financial statements represent valid claims against debtors for assessments or other charges arising on or before the balance sheet dates and have been reduced to their estimated net realizable value.
- 15) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.
- 16) There are no contributions made to employee benefit plans or bonuses that were not documented in the minutes of the meetings of the Board of Directors and Committees of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

Information Provided

- 17) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) ~~Unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.~~
- 18) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 19) All minutes of the meetings of the Board of Directors and Committees of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 20) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Parkfairfax Condominium Unit Owners Association
Management Representation Letter
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- 21) We have no knowledge of any fraud or suspected fraud that affects the Association and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 22) We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, regulators, or others.
- 23) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 24) We have no knowledge of actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 25) We have disclosed to you the identity of the Association's related parties and all the related party relationships and transactions of which we are aware.
- 26) The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.
- 27) We acknowledge our responsibilities for presenting the required supplementary information (RSI) in accordance with U.S. GAAP. The RSI is measured and presented within prescribed guidelines, and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 28) We acknowledge our responsibility for presenting the Schedule of operating fund actual revenues and expenses compared to budgeted revenues and expenses in accordance with U.S. GAAP, and we believe the schedule of operating actual revenues and expenses compared to budgeted revenues and expenses, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedule of operating actual revenues and expenses compared to budgeted revenues and expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 29) The Board of Directors is collecting funds for future major repairs and replacements in conformity with ***Parkfairfax Condominium Unit Owners Association's*** policy to fund for those needs based on a study conducted in 2015. The board of directors believes the funds will adequately provide for future major repairs and replacements.
- 30) ***Parkfairfax Condominium Unit Owners Association's*** allocation of expenses against exempt and nonexempt function income conforms with IRS rules, which require that the allocation be made "on a reasonable basis". We have adequately documented such allocation.
- 31) We understand that management is responsible for the Association's choice of filing Form 1120-H and the consequences thereof.
- 32) There have been no examinations by the Internal Revenue Service of ***Parkfairfax Condominium Unit Owners Association's*** tax returns.

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- 33) We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.
- 34) As part of your audit, you prepared the draft financial statements, related notes and supplementary information. We have designated an individual with suitable skill, knowledge or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved and accepted responsibility for those financial statements, related notes and supplementary information.

In regards to the income tax return preparation (add other nonattest services) services performed by DeLeon & Stang, we have:

- Made all management decisions and performed all management functions.
- Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- Evaluated the adequacy and results of the services performed.
- Accepted responsibility for the results of the services.

No events have occurred subsequent to the balance sheet dates and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

Signature: _____ Title: Property Manager Date: _____

Signature: _____ Title: President Date: _____

Signature: _____ Title: Treasurer Date: _____

_____ Number of bound copies needed (1 unbound copy provided).