



December 5, 2018

Board of Directors  
***Parkfairfax Condominium Unit Owners Association***  
c/o Ms. Sarah Clark  
Assistant General Manager.  
3360 Gunston Road  
Alexandria, VA 22302

Dear Board of Directors:

Thank you for choosing DeLeon & Stang, CPAs and Advisors, as your certified public accountants and business advisors. We are pleased to confirm our understanding of the services we are to provide for ***Parkfairfax Condominium Unit Owners Association Unit Owners Association*** for the years ended May 31, 2019 and 2020.

We will audit the financial statements of ***Germantown Park Homes Association***, which comprise the balance sheet as of May 31, 2019 and 2020, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the years then ended, and the related notes to the financial statements. The document we submit to you will include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board. Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it.

We will also prepare the Federal and requested Virginia state income tax returns for the ***Parkfairfax Condominium Unit Owners Association*** for the years ended May 31, 2019 and 2020.

#### **Audit Objective**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

## **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We may also request written representations from its attorneys as part of the engagement, and they may bill the Association for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards.

### **Tax Procedures**

In accordance with federal law, in no case will we disclose the Association's tax return information to any location outside the United States, to another tax return preparer outside of our Firm for purposes of a second opinion, or to any other third-party for any purpose other than to prepare the returns without first receiving management's consent.

The Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to management and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will advise management if we identify such a situation and we will discuss those tax positions that may increase the risk of exposure to penalties and any recommended disclosures before completing the preparation of the return. If we conclude that we are obligated to disclose a position and management refuses to permit the disclosure, we reserve the right to withdraw from the engagement. Likewise, where we disagree about the obligation to disclose a position, management also has a right to choose another professional to prepare the entity's returns. In either event, management agrees to compensate us for our services to the date of withdrawal. Our engagement will terminate upon our withdrawal.

The IRS permits management to authorize us to discuss, on a limited basis, aspects of the returns for one year after the return's due date. Management's consent to such a discussion is evidenced by checking a box on the return. Unless management informs us otherwise, we will check that box authorizing the IRS to discuss the returns with us.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, management, the Association's employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should management decide that it is appropriate for us to disclose any potentially privileged communication, it agrees to provide us with written, advance authority to make that disclosure.

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify management. In the event management directs us not to make the disclosure, management agrees to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of asserting that privilege or management's direction to us to assert the privilege.

The returns may be selected for review by the taxing authorities. In the event of an audit, management may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of a tax examination, we will be available, upon request, to represent the Association. However, such additional services are not included in the fees for the preparation of the tax returns.

### **Management's Responsibilities**

Management agrees to assume all management responsibilities for the tax services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services and accepting responsibility for them. Management also has final responsibility for the tax returns and, therefore, the appropriate officials should review the returns carefully before an authorized officer signs and files them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles. Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that the Association complies with applicable laws and regulations. Management is responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. Management agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

### **Engagement Administration, Fees, and Other**

We understand that the Association's employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. When we arrive at your offices to start working on your engagement, we will need to be able to connect to the Internet via hard wire and your network must allow for the ICA Client protocol to pass through your network. This can be done by having your firewall allow port numbers 1494 and 2598 be accessible.

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Any other arrangements for Internet access (such as wireless access) may significantly decrease our auditors' efficiency and could necessitate a change order to the fees quoted below.

Allen P. DeLeon, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on a date, which we mutually agree to, and issue our report about 45 days after the completion of fieldwork.

Our audit engagement ends on delivery of our audit report and delivery of the associated tax returns. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

If, during our work, we discover information that affects prior-year tax returns, we will make management aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If management becomes aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

It is our policy to keep records related to this engagement for five years. However, we do not keep any original records, so we will return those upon the completion of the engagement. When records are returned, it is management's responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

By signing this engagement letter, management acknowledges and agrees that upon the expiration of the five year period, we are free to destroy our records related to this engagement.

You will not be billed for travel and other out-of-pocket costs. The fee estimate below is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. For all services, other than tax return preparation, not covered by an engagement letter, we bill in minimum one-quarter hour increments. Fees for tax return preparation are determined based on the forms required and time needed to complete the return.

<i>Services</i>	<i>Audits</i>	<i>Taxes</i>
<i>FY 2019</i>	<i>\$13,500</i>	<i>\$500</i>
<i>FY 2020</i>	<i>\$14,000</i>	<i>\$500</i>

We are also committing to performing these services for subsequent years at fees approximating the table shown above, assuming the scope of our work or the size of the Association does not change materially.

We will invoice one-half (1/2) of the engagement fees after the completion of fieldwork and the final one-half after the issuance of the draft report.

We ask that you pay our monthly billing statements upon receipt. Amounts not paid within 30 days from the invoice date will be subject to a late payment charge of 1.5% per month (18% per year). In accordance with our Firm policies, work may be suspended if the entity's account becomes 60 days or more overdue and will not be resumed until your account has been paid in full.

Our hourly rates are effective through December 31 of this year, and are subject to modification thereafter. Should this modification occur, you will be billed at the modified rates.

#### **Change Orders and Additional Services**

In some cases, circumstances might require a change order to cover our professional time for issues which effect the audit engagement. There are matters which are not typical in a normal audit, but sometimes arise during the course of the audit planning or fieldwork. We will notify you as soon as possible if a change order is required. We bill for these items on an hourly basis. Attached to this engagement letter is a schedule of possible change orders and estimated fee ranges. It is not a complete list and the fee range is an estimate only.

In an effort to keep our audit fee as low as possible, these matters are not included in the standard audit fee and are only charged when applicable.

Management may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will be governed by the terms of this engagement letter.

#### **Board Meeting Attendance**

Board of Directors meeting attendance or presentation of the audit to the Board of Directors in person is not normally required by most clients. Therefore, we have excluded this from our standard audit fee. However, we do offer this as an additional service for those organizations which want us to attend the meeting in person. Check the box on the last page of the engagement letter if you wish to select this service.

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**Summary**

We appreciate the opportunity to be of service to the ***Parkfairfax Condominium Unit Owners Association*** and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If the terms of our engagement as described in this letter are satisfactory, please sign the enclosed copy and return it to us.

Sincerely,

***DeLeon and Stang***

**DeLeon & Stang  
Certified Public Accountants and Advisors**

*Allen P. DeLeon*

Allen P. DeLeon, CPA, PFS  
Partner

**RESPONSE:**

This letter correctly sets forth the understanding of the ***Parkfairfax Condominium Unit Owners Association***.

Authorized Board Member's signature:

Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Authorized Managing Agent's signature:

Title: \_\_\_\_\_  
Date: \_\_\_\_\_

- ☐ Board meeting fee -- \$350 per meeting one-half hour. We ask that our Report be placed first on the meeting agenda.

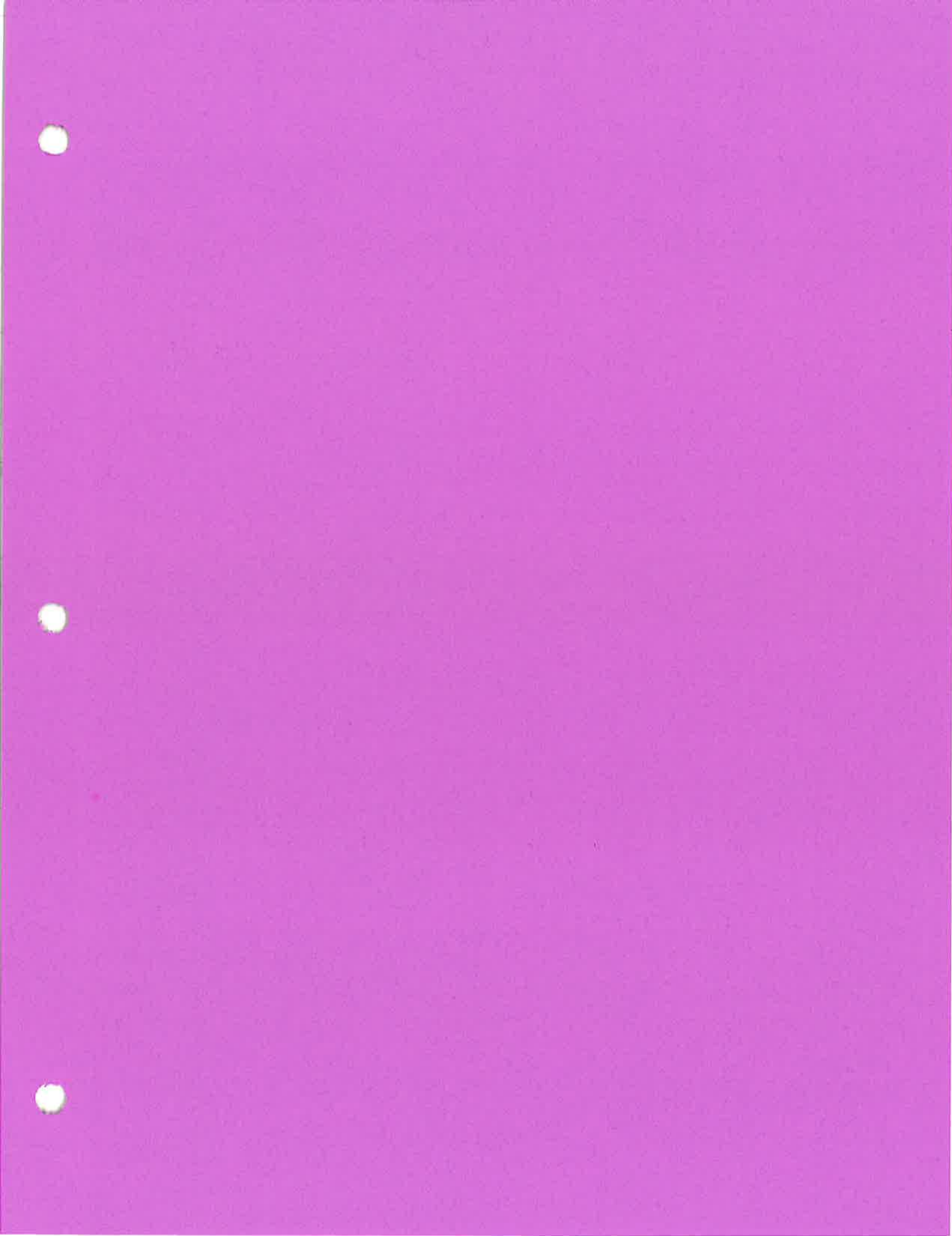
**CIRA AUDIT  
ADDENDUM TO ENGAGEMENT LETTER**

**SCHEDULE OF POSSIBLE ADDITIONAL FEES**

**CHANGE ORDERS**

<b><u>BILL AT HOURLY RATES</u></b>	<b><u>ESTIMATED FEE RANGE</u></b>
Change in Management Companies— testing balances transferred to new management	\$500 - \$800
Change in accounting software resulting in complete change in chart of accounts or size of account numbers	\$500 - \$800
Opening balances adjustment to tie to equity due to Association not posting prior year audit journal entries	\$300 - \$500
Extensive litigation requiring legal letter	\$300 - \$400
Excessive Insurance Claims Activity	\$500 - \$600
Board Meeting Attendance	\$350 per half hour
Special Assessments Reconciliation	\$250 per hour









## Proposal for Audit & Tax Services



**Working *harder***  
for your association  
with ***unparalleled***  
**expertise.**

[www.GoldklangGroupCPAs.com](http://www.GoldklangGroupCPAs.com)

# Who We Are

**Goldklang Group CPAs is the area's leading CPA firm specialized in providing audit, tax, budget, and consulting services to Common Interest Realty Associations (CIRAs).**

With more than 40 years of experience, our firm possesses superior knowledge and understanding of the unique accounting needs and operations of homeowners associations, condominiums and cooperatives. This expertise and experience allows us to deliver exceptional personalized service to our clients that assist them in achieving their goals.

Our accountants are passionate about what they do and committed to working with our clients to achieve the best outcome. They possess superior knowledge of the accounting and tax issues facing community associations. We pride ourselves on this and in providing clients with quality products that far exceed industry standards.

## The Goldklang Advantage



Our firm is 100% dedicated to providing audit and tax services to Common Interest Realty Associations (CIRA).



Superior knowledge of audit and tax issues facing community associations with an exceptional understanding of how community associations operate.



Our accountants deliver a high-degree of personalized, hands-on service working closely with on-site and off-site property management representatives and Board of Directors in conducting field work.



Consistently at the forefront of any tax law changes and interpretations that may affect our clients.



Proactive corporate philosophy to always deliver more by providing guidance in specialized areas that are unique to our clients.



Our work has been independently peer reviewed since 1991 by the American Institute of Certified Public Accountants (AICPA) Private Companies Practice Section (PCPS) – receiving the highest rating available of “pass” every time.

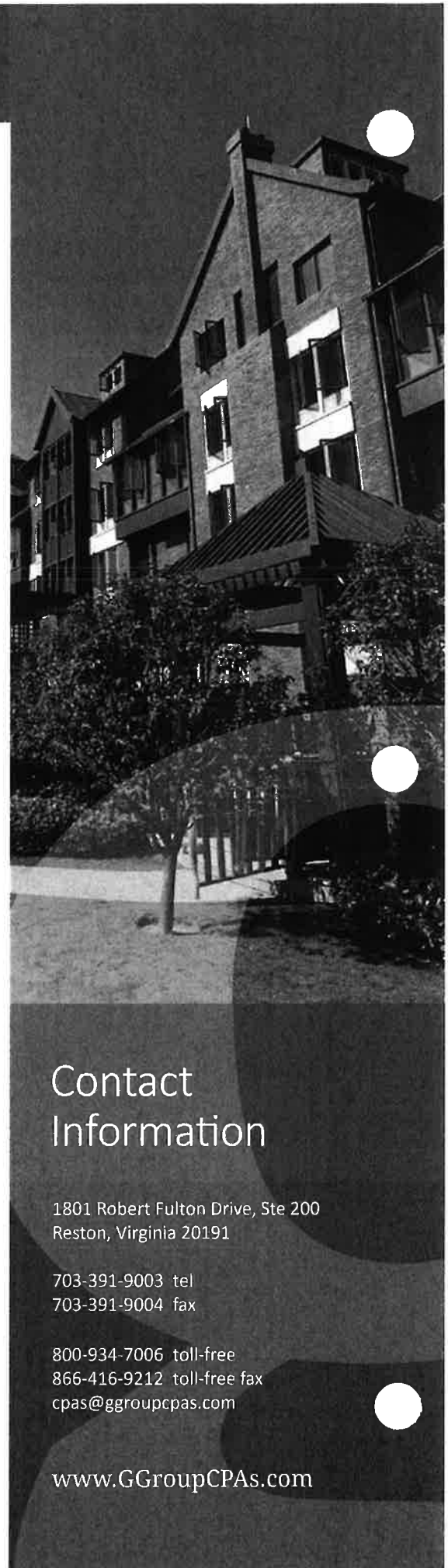
## Contact Information

1801 Robert Fulton Drive, Ste 200  
Reston, Virginia 20191

703-391-9003 tel  
703-391-9004 fax

800-934-7006 toll-free  
866-416-9212 toll-free fax  
cpas@ggroupcpas.com

[www.GGroupCPAs.com](http://www.GGroupCPAs.com)





## Our Expertise

### Auditing

Goldklang Group CPAs follows generally accepted auditing standards (GAAS) to perform audits, but we go above and beyond these standards by performing certain procedures that are extremely beneficial to our clients. Some of the procedures include examining a large percentage of the paid invoices and reconciling payments made to vendors to the signed contracts. Often, we are the last ones to look at the Association's records and we find duplicate payments or overpayments that result in savings for our clients.

### Taxation

Our tax department strives to keep informed of any tax law changes that may affect homeowner associations, condominiums, or cooperatives. We are dedicated to providing accurate tax returns to our clients in a timely manner, and to filing tax extensions on time. We provide guidance in specialized areas that are unique to our clients, such as the treatment of declarant warranty settlements and proceeds for the condemnation of common area land. Since we are solely focused on CIRAs, we have developed a unique expertise and go above and beyond providing tax services to our clients

### Consulting

We are available to consult with our clients in areas such as these:

- Budget Development Consultation
- Guidelines for Capitalization of Assets
- Investment Procedures and Guidelines
- Accounting Procedures
- Analyzing Bank Loan Options

“ We are a large luxury high rise condo - well managed and well financed with a sterling reputation. Goldklang has been our partner for well over a decade and has kept us sailing a steady course through many a choppy sea. You couldn't have a better partner for this journey.

Board President

“ Our firm manages over 150 community associations. Goldklang Group is the auditor and tax provider of choice for most of our portfolio. Not because they are the biggest, but because they are the best. Prompt, professional and thorough, we count on Goldklang Group to work with integrity and focus for our clients. The information they provide greatly assists us in providing excellent financial advice to our Boards of Directors.

Property Manager

“ The accountants at Goldklang provide superior and professional accounting service to their clients and are always available to address particular accounting and tax questions that may arise. They take pride in doing high quality accounting and tax work on a timely basis. I recommend them highly.

Attorney

# What to Expect from the Audit Process

## The Engagement

Our firm is engaged to perform the services outlined in this proposal once the engagement letter is signed and returned to our office. Once we receive the signed engagement letter, we will contact the previous auditing firm, if any, for required information we will need to begin the audit. We will also work with the board of directors and management agent representative for any necessary information we may need in order to begin the fieldwork.

**We're more than your accountant – we're your partner who brings a unique combination of specialized experience and skills to the table, as well as accounting expertise that can help you enhance your operations.**

## Fieldwork

Our audit fieldwork will begin once the financial statements for the period under audit have been prepared. If the draft or final audit is needed by a certain date, please let us know in advance, so that we can make every effort to accommodate the request.

## Audit Report - Draft

Once we complete the audit, a draft copy of the audit will be provided to the Association for review. The draft package will include the following information:

**Cover Letter** – The audit report is issued in draft for the Association to review. The cover letter explains what information must be returned to our office before the audit report (and other letters) can be finalized.

**Independent Auditor's Report** – This is our report on the Association's financial statements. Once finalized, the Association may distribute this document, along with the audited financial statements, notes to financial statements and any supplementary information in its entirety to members, potential members, etc.

**Representation Letter** – The representation letter is a letter from the Association to us confirming, that to the best of your knowledge and belief, all information was provided or disclosed to us. This letter needs to be signed by the President or Treasurer of the Association and the management agent representative, and returned to our office before the audit can be finalized.

**Management Letter** – The management letter is not a required communication under auditing standards, but is a by-product of the audit. We generally issue a management letter to communicate our comments and recommendations. Use of this letter is restricted to the board of directors and management.

**Communication with Those Charged with Governance under AU-C §260** – Under AU-C §260, we are required to communicate audit matters that, in our professional judgment, may be significant and relevant to those charged with governance of the Association. Use of this letter is restricted to the board of directors and management.

**Communication of Significant Deficiencies and/or Material Weaknesses under AU-C §265** – Under AU-C §265, we are required to communicate in writing any significant deficiencies and/or material weaknesses in the Association's internal controls. Use of this letter is restricted to the board of directors and management. If we did not note any significant deficiencies or material weaknesses, no letter will be issued.

**Adjusted Trial Balance and Adjusting Journal Entries** – These are the proposed audit adjustments for the period under audit.

## Audit Report - Final

After the board and the management company have reviewed and accepted the audit, the representation letter will need to be signed and returned to our office. Once we process the completed representation letter, the audit will be finalized. Our office will provide you with a copy of the final audit in electronic format. Bound copies will be provided upon request.

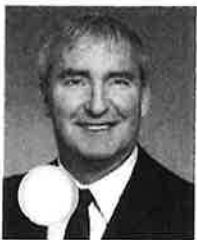
As an added service to our clients, we are available to meet with the board and management to present the final audit and answer any questions you may have. Additional fees apply. Additionally, even though we audit your financial statements on an annual basis, we are available throughout the year for questions. We do not charge for routine questions and are happy to be a resource for board members and managers.





## Howard A. Goldklang, CPA, MBA

Howard Goldklang is founder and president of Goldklang Group CPAs, P.C. He has been active in the auditing of condominiums and community associations since 1974. Howard is a founder and a past president of the Washington Metropolitan Chapter of Community Associations Institute (CAI). On CAI's national level, he is immediate past President of the Foundation for Community Association Research. Howard is the author of CAI's GAP report "The Role of the Association Treasurer", co-editor and one of the authors of the CAI GAP report "A Guide to Replacement Reserve Funds and Long-Term Reserve Funding", and is contributing financial editor to CAI's magazine, *Common Ground*. He is a member of CAI's Property Management Development Program Faculty and a member of its "Task Force for Transition from Developer to Association Control". Howard is licensed in Virginia, Maryland, North Carolina, Texas, and the District of Columbia.



## Donald E. Harris, CPA

Donald Harris has been in public accounting and a member of Goldklang Group CPAs, P.C. since 1982. Admitted as a shareholder in 1991, he now serves as the firm's principal in charge of quality control. Don has extensive experience in accounting and tax preparation for common interest realty associations. Since becoming certified in 1985, Don has been a member of national, state, and local CPA societies. He has served on the Community Association Institute's Membership/ Chapter Advisory Committee and was a member of its National Accountant's Committee. He has served on the Audit and Accounting Committee for the Virginia Society of CPAs. Don has also published articles for the *Ledger Quarterly* accountants' magazine. He has been involved with the George Mason University Alumni Association, serving as past treasurer. He has also served as his homeowner's association treasurer. Don is licensed in Virginia, Maryland and the District of Columbia.



## Anne M. Sheehan, CPA

Anne Sheehan, CPA began her career with Goldklang Group CPAs, P.C. in January 1991, and was admitted as a shareholder in January 2004. She received her Bachelor of Science degree in Accounting from George Mason University in Fairfax, Virginia. Anne has developed a thorough expertise in the auditing of common interest realty associations. She is actively involved in the audits of many of the largest and most complex associations in the Washington

# Meet our Principals

Metropolitan area. Anne has also developed the firm's innovative process for our association ballot counting service. Anne maintains her CPA license in Virginia, Maryland and the District of Columbia.



## S. Gail Moore, CPA

Gail Moore, CPA was admitted as a shareholder in January 2004. She received her Bachelor of Science degree in Accounting in May 1991 from George Mason University in Fairfax, Virginia. She joined the firm in January 1992. During her years with our firm, she has been responsible for the audits of some of the largest and most complex associations in the Washington Metropolitan area. Gail currently manages the Tax Department, which includes federal and state income tax return preparation for all of our firm's clients as well as tax research for firm clients. She has also continued her involvement in the audit process by supervising audit staff and completing audits. Gail is licensed in Virginia, Maryland and the District of Columbia.



## Jeremy W. Powell, CPA

Jeremy Powell joined the firm in 1998 after earning a B.B.A. in Accounting from Averett University. He obtained his CPA license in 2001 and is currently licensed in Virginia, Maryland and the District of Columbia. Jeremy is a member of the Virginia Society of CPAs and the American Institute of Certified Public Accountants (AICPA).



## Renee L. Watson, CPA

Renee Watson joined the firm in 1999 after earning a B.B.A. in Accounting from James Madison University. She obtained her CPA license in 2003 and is currently licensed in Virginia, Maryland and the District of Columbia. Renee is a member of the local chapter of Community Associations Institute (CAI) and has served as a committee member. She is also a member of the Virginia Society of CPAs and the American Institute of Certified Public Accountants (AICPA).





**Principals**

Howard A. Goldklang, CPA, MBA  
Donald E. Harris, CPA  
Anne M. Sheehan, CPA  
S. Gail Moore, CPA  
Jeremy W. Powell, CPA  
Renee L. Watson, CPA

1801 Robert Fulton Drive, Suite 200  
Reston, VA 20191

**Managers**

Allison A. Day, CPA  
Matthew T. Stiefvater, CPA  
Sheila M. Lewis, CPA

***Engagement Letter***

December 3, 2018

Board of Directors and Management  
Parkfairfax Condominium Unit Owners Association

Dear Board of Directors and Management:

We are pleased to confirm our understanding of the services we are to provide for Parkfairfax Condominium Unit Owners Association for the years ended May 31, 2019 and 2020. The following pages of this engagement letter outline the objectives of the engagement and professional fees.

We will audit the financial statements of Parkfairfax Condominium Unit Owners Association, which comprise the balance sheets as of May 31, 2019 and 2020, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements. The document we submit to you will include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board (FASB) if the Association has a replacement reserve study. Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it. Also, if the Association wishes to present supplementary information accompanying the financial statements, that information will be subjected to the auditing procedures applied in our 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, in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

**Audit Objective**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Association's financial statements. Our report will be addressed to the Board of Directors of the Association. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of



sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

### **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of certain assets and liabilities by correspondence with selected owners, creditors, and financial institutions. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We may also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry. At the conclusion of our audit and before the audit can be finalized, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Association and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

## **Other Services**

We will also prepare the Association's federal and state income tax returns for the years ended May 31, 2019 and 2020. During our audit, if applicable, we will provide certain non-attest services such as the preparation of the financial statements and related notes to the financial statements in conformity with U.S. generally accepted accounting principles, reconciliation of general ledger account balances, cash to accrual conversions, and depreciation and amortization calculations based on information provided by you. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants.

The other services are limited to the non-attest and tax services previously identified. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise you with regard to tax positions taken in the preparation of the tax return, but responsibility for the tax returns remains with you.

## **Management Responsibilities**

You are responsible for designing, implementing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the company from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and the results of the services; and accept responsibility for them.

With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

### **Discontinuation of Services**

Should the Association decide to terminate this agreement for any reason after completion of the first year's engagement, but prior to the commencement of audit fieldwork for the second or subsequent year, notice must be provided in email or by mail. The Association will be invoiced for 20% of the annual fee for the engagement, in consideration of, but not limited to, tax planning, scheduling disruption, and periodic consulting.

If we elect to terminate our services for nonpayment, inability to obtain necessary financial records, or for any other reason provided for in this letter, our engagement letter will be deemed to have been completed upon written notification of termination. You will be invoiced for time expended through the date of termination.

In the event we have not received the signed engagement letter within 120 days of issuance, the engagement letter will be voided. You may thereafter request reissuance of an engagement letter, which will be dated as per the date of reissuance.

### **Engagement Administration, Fees, and Other**

We understand that you and your management agent will provide all documents and other evidence requested by our firm to complete our audit.

Howard A. Goldklang, CPA, MBA is the engagement principal and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for the preparation of the May 31, 2019 and 2020 audits will be \$15,000 and \$15,000, respectively. Our fee for the preparation of the federal and state income tax returns will be \$500 per year.

The fees above are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. Fee adjustments may be needed due to management or financial reporting changes, such as change in management agents, special assessments or borrowings, etc. We will bill for changes to the draft audit that are at the request of the Association. If the Association requests us to attend meetings, we will bill for such meetings at our hourly rates.

Our fees for audit services will be billed when we issue the draft audit report and for tax services when the tax returns are prepared, if applicable. We reserve the right to progress bill. Invoices are payable upon receipt. A late payment fee of 2% may be charged to all balances not paid within 30

days of invoice date. We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent.

*Representation Letter and Issuance of Final Audit*

An audit representation letter will be included with the draft audit. This letter is required by auditing standards and is needed to finalize the audit. It must be signed by the Board President or Treasurer and a management representative. The signed letter must be returned to our office within 60 days of the date of the draft audit with most recent financial statements to our office. If not received within 60 days, we will bill the Association for additional audit procedures at our standard hourly rates. These additional audit procedures are required if the representation letter is past due. Once the audit has been finalized, we will provide you with an electronic copy of the audit report.

If we do not receive the signed engagement letter before the income tax extension filing deadline, we will automatically prepare income tax extensions. If the engagement letter is subsequently not accepted, we will bill \$100 for the income tax extension preparation.

The signed engagement letter must be submitted by email, fax, or mail to:

Goldklang Group CPAs, PC  
1801 Robert Fulton Drive, Suite 200  
Reston, Virginia 20191  
**Email:** cpas@ggrouppcpas.com  
**Fax:** 703.391.9004

We appreciate the opportunity to serve you and look forward to working with you in the upcoming year. We believe this letter accurately summarizes the significant terms of our engagement. If the above is acceptable to you, please sign below and return this letter to us, retaining a copy for your files.

Please contact us with any questions.

Very truly yours,

*Goldklang Group CPAs, P.C.*

GOLDKLANG GROUP CPAs, P.C.

**RESPONSE:**

This letter sets forth the understanding of Parkfairfax Condominium Unit Owners Association:

Board Representative:

\_\_\_\_\_  
Signature  
1223 E0519 0520

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

# Goldklang Group<sup>®</sup>

CPAs, P.C.

## Principals

Howard A. Goldklang, CPA, MBA  
Donald E. Harris, CPA  
Anne M. Sheehan, CPA  
S. Gail Moore, CPA  
Jeremy W. Powell, CPA  
Renee L. Watson, CPA

1801 Robert Fulton Drive, Suite 200  
Reston, VA 20191

## Managers

Allison A. Day, CPA  
Matthew T. Stiefvater, CPA  
Sheila M. Lewis, CPA

### ***Acknowledgment of Management Responsibilities***

December 3, 2018

Management Agent for  
Parkfairfax Condominium Unit Owners Association

Dear Management Agent:

We are pleased to confirm your acknowledgment of management responsibilities for the services we are to provide for Parkfairfax Condominium Unit Owners Association for the years ended May 31, 2019 and 2020.

We will audit the financial statements of Parkfairfax Condominium Unit Owners Association, which comprise the balance sheets as of May 31, 2019 and 2020, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements. We will also prepare the Association's federal and state income tax returns for the years ended May 31, 2019 and 2020. During our audit, if applicable, we will provide certain non-attest services such as the preparation of the financial statements and related notes to the financial statements in conformity with U.S. generally accepted accounting principles, reconciliation of general ledger account balances, cash to accrual conversions, and depreciation and amortization calculations based on information provided by you. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants.

### **Management Responsibilities**

You are responsible for designing, implementing and maintaining internal controls, including monitoring ongoing activities under your control; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the company from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period

presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls for the activities under your control to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. Where applicable, you also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for nonattest services we provide (not including tax services); oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and the results of the services; and accept responsibility for them.

With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

Very truly yours,

*Goldklang Group CPAs, P.C.*

GOLDKLANG GROUP CPAs, P.C.

**RESPONSE:**

This letter sets forth the acknowledgment of management responsibilities for the services we are to provide for Parkfairfax Condominium Unit Owners Association:

Management Representative:

\_\_\_\_\_  
Signature  
1223 E0519 0520

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date