Approval of FY25 Audit
Resolution Worksheet

Date: January 21, 2026

Suggested Motion:

"I move to approve the Draft Audit for the year ended May 31, 2025, as submitted by Goldklang Croup CPAs P.C."

2nd:

Summary: The Draft Audit is attached.

Vote:

	In Favor	Opposed	Abstained	Absent
Scott Buchanan				
Dave Bush				
Caitlin Counihan				
Robin Davis				
Lucille Eddy				
Elaine Lawler				
Jeff Lisanick				
Scott Mulrooney				
Jim Wicker				

Goldklang Group CPAs PC

Principals
Howard A. Goldklang, CPA, MBA
Donald E. Harris, CPA
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Jeremy W. Powell, CPA
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1801 Robert Fulton Drive, Suite 200
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Associate Principals
Matthew T. Stiefvater, CPA
Sheila M. Lewis, CPA

Managers
Andrew T. Plaugher, CPA
Michele S. Lizama, CPA
Jennifer L. Murray, CPA
Allison A. Day, CPA

Independent Auditor's Report

To the Board of Directors of
Parkfairfax Condominium Unit Owners Association

Opinion

We have audited the accompanying financial statements of Parkfairfax Condominium Unit Owners Association, which comprise the balance sheets as of May 31, 2025 and 2024, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parkfairfax Condominium Unit Owners Association as of May 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Parkfairfax Condominium Unit Owners Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter Regarding Revenue Recognition

As discussed in Note 7, the Association has not adopted the new revenue recognition standard as of May 31, 2025 and 2024. The implementation of this standard would not have had a material effect on the financial statements as of May 31, 2025 and 2024. Our opinion on the financial statements is not modified with respect to this matter.

Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkfairfax Condominium Unit Owners Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Parkfairfax Condominium Unit Owners Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkfairfax Condominium Unit Owners Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on page 17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Actual Income and Expenses Compared to Budgeted Income and Expenses on pages 18-20 is presented for purposes of additional analysis and is 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. Except for that portion marked "Unaudited", on which we expressed no opinion, 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.

Reston, Virginia

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
BALANCE SHEETS
MAY 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	$ 6,847,625	$ 4,428,862
Interest-Bearing Deposits	1,705,000	2,885,000
Assessments Receivable - Net	171,992	248,530
Accounts Receivable - Other	-	468,332
Accrued Interest	23,367	30,099
Income Taxes Receivable	190,028	1,909
Prepaid Expenses	233,342	272,012
Property and Equipment - Net	141,086	156,317
Total Assets	$ 9,312,440	$ 8,491,061
LIABILITIES AND MEMBERS' EQUITY		
Accounts Payable and Accrued Expenses	$ 520,129	$ 504,842
Accrued Payroll and Related Costs	145,455	142,697
Deposits - Security	3,230	3,230
Income Taxes Payable	-	222,852
Deferred Insurance Proceeds	663	1,713
Prepaid Assessments	322,127	262,066
Deferred Cable Commission	160,490	180,345
Total Liabilities	$ 1,152,094	$ 1,317,745
Restricted Purpose Reserve - Awards	$ 1,833	$ 1,833
Capital Improvement Reserve	81,784	81,784
Replacement Reserves	6,239,901	5,516,428
Property Reserve	141,086	156,317
Unappropriated Members' Equity	1,695,742	1,416,954
Total Members' Equity	$ 8,160,346	$ 7,173,316
Total Liabilities and Members' Equity	$ 9,312,440	$ 8,491,061

See Accompanying Notes to Financial Statements

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED MAY 31, 2025 AND 2024

	2025	2024
INCOME:		
Assessments	$ 11,436,065	$ 10,688,516
Interest	98,436	117,116
Gain on Sale of Units	309,894	740,396
Unit Service Program - Repairs	24,973	17,209
Late and Legal Charges	62,043	25,178
Laundry Commission	87	9,784
Cable Commission	19,855	19,855
Resale Certificates	35,994	32,405
Advertising	2,881	9,470
Rental	82,030	115,495
Storage Rental	45,287	45,184
Other	42,129	45,910
Total Income	$ 12,159,674	$ 11,866,518
EXPENSES:		
Payroll and Related:		
Payroll - Salaries	$ 2,068,448	$ 2,074,207
Payroll Taxes and Benefits	411,450	404,420
Total Payroll and Related	$ 2,479,898	$ 2,478,627
Administrative:		
Audit and Tax Preparation	$ 20,076	$ 18,220
Engineering	1,315	-
Legal	60,058	27,373
Collections	5,340	10,988
Management	89,617	86,998
Office Supplies	27,980	16,025
Office/Machine Equipment	39,751	24,700
Office Systems Services	55,328	38,299
Telephone	45,103	48,524
Other	31,965	56,716

See Accompanying Notes to Financial Statements

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED MAY 31, 2025 AND 2024
(CONTINUED)

	2025	2024
Administrative (Continued)		
Board/Annual Meeting	4,494	7,895
Communications/Newsletter	6,687	8,191
Committees and Activities	10,290	13,956
Dues/Subscriptions	3,771	4,412
Association Owned Units	129,456	98,265
Postage	13,287	24,199
Printing	12,766	20,891
Total Administrative	$ 557,284	$ 505,652
Utilities:		
Electricity	$ 127,927	$ 105,157
Gas	296,174	226,394
Water and Sewer	1,618,234	1,469,871
Total Utilities	$ 2,042,335	$ 1,801,422
Repairs:		
General	$ 62,610	$ 80,086
Maintenance Supplies	34,667	49,747
Painting	213,904	369,550
Plumbing	26,437	51,658
Swimming Pool	19,458	25,683
Total Repairs	$ 357,076	$ 576,724
Services and Supplies:		
Exterminating	$ 102,272	$ 38,795
Pool Contracts	202,562	152,470
Trash Removal Contract	433,964	420,849
Uniforms	26,210	41,345
Unit Service Program Supplies	12,097	12,689
Landscaping Contract	283,466	286,527
Landscaping Other	378,246	198,363
Snow Removal Contract	-	813
Vehicles	53,010	78,711
Cleaning	20,441	19,647
Exercise Facility	1,710	1,948
Total Services and Supplies	$ 1,513,978	$ 1,252,157

See Accompanying Notes to Financial Statements

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED MAY 31, 2025 AND 2024
(CONTINUED)

	2025	2024
Other:		
Taxes - Income	$ 119,751	$ 260,852
Taxes - Real Estate/Personal Property	75,897	48,690
Insurance - Building Liability	581,870	504,672
Permits/Licenses	8,594	2,904
Credit Loss - Receivables	166,826	13,384
Total Other	$ 952,938	$ 830,502
Total Expenses	$ 7,903,509	$ 7,445,084
Net Income before Contribution to Reserves	$ 4,256,165	$ 4,421,434
Contribution to Reserves	(3,977,377)	(4,196,057)
Net Income	$ 278,788	$ 225,377

See Accompanying Notes to Financial Statements

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED MAY 31, 2025 AND 2024

	Restricted Purpose Reserve - Awards	Capital Improvement Reserve	Replacement Reserves	Property Reserve	Unappropriated Members' Equity	Total Members' Equity
Balance as of May 31, 2023	$ 1,833	$ 123,631	$ 5,097,329	$ 149,511	$ 1,191,577	$ 6,563,881
Additions:						
Contribution to Reserves			4,196,057			4,196,057
Net Income					225,377	225,377
Deductions:						
Depreciation				(12,083)		(12,083)
Community Room		(41,847)				(41,847)
Asphalt			(57,420)			(57,420)
Building Envelope			(1,538,345)			(1,538,345)
Building Improvements			(16,520)			(16,520)
Carpets and Floors			(7,450)			(7,450)
Common Area Refurbishment			(3,500)			(3,500)
Computer Equipment			(29,668)			(29,668)
Concrete			(220,860)			(220,860)
Electrical			(48,073)			(48,073)
Equipment Repairs			(31,340)			(31,340)
Façade			(488,182)			(488,182)
HVAC			(143,538)			(143,538)
Landscaping			(110,650)			(110,650)
Lighting			(24,139)			(24,139)
Mechanical Equipment			(537,110)			(537,110)
Other			(7,123)			(7,123)
Playgrounds			(14,424)			(14,424)
Pool			(237,636)			(237,636)
Roofs			(198,964)			(198,964)
Structures			(11,620)			(11,620)
Tennis Courts			(30,000)			(30,000)
Tools and Equipment			(1,507)			(1,507)
Vehicle			(18,889)	18,889		
Balance as of May 31, 2024	$ 1,833	$ 81,784	$ 5,516,428	$ 156,317	$ 1,416,954	$ 7,173,316
Additions:						
Contribution to Reserves			3,977,377			3,977,377
Net Income					278,788	278,788
Deductions:						
Depreciation				(15,231)		(15,231)
Asbestos Abatement			(203,716)			(203,716)
Building Exterior			(1,775,225)			(1,775,225)
Building Interior			(58,328)			(58,328)
Consulting/Engineering			(49,412)			(49,412)
Doors			(4,106)			(4,106)
Electrical			(17,829)			(17,829)
Exterior Lighting			(25,088)			(25,088)
Flooring			(3,500)			(3,500)
Gas Line Replacement			(360,212)			(360,212)
Gates, Fences and Retaining Walls			(36,980)			(36,980)
HVAC			(56,232)			(56,232)
Plumbing			(83,246)			(83,246)
Pool			(4,828)			(4,828)
Roofs			(331,136)			(331,136)
Sidewalk Replacement			(67,830)			(67,830)
Signage			(4,074)			(4,074)
Stoops and Rail Replacement			(14,340)			(14,340)
Waterproofing			(157,822)			(157,822)
Balance as of May 31, 2025	$ 1,833	$ 81,784	$ 6,239,901	$ 141,086	$ 1,695,742	$ 8,160,346

See Accompanying Notes to Financial Statements

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 278,788	$ 225,377
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Credit Loss - Receivables	166,826	13,384
Deferred Cable Commission	(19,855)	(19,855)
Deferred Laundry Allowance	-	(1,732)
(Gain) Loss on Sale of Property	(309,894)	(740,396)
Decrease (Increase) in:		
Assessments Receivable	(90,288)	(167,314)
Accounts Receivable - Laundry	-	3,296
Accounts Receivable - Other	468,332	(459,832)
Accrued Interest	6,732	8,986
Income Taxes Receivable	(188,119)	-
Prepaid Expenses	38,670	(24,215)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(38,074)	10,666
Accrued Payroll and Related Costs	2,758	8,211
Income Taxes Payable	(222,852)	145,712
Deferred Insurance Proceeds	(1,050)	1,050
Prepaid Assessments	60,061	33,077
Net Cash Flows from Operating Activities	$ 152,035	$ (963,585)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Received from Assessments (Reserves)	$ 3,878,941	$ 4,078,941
Received from Interest (Reserves)	98,436	117,116
Disbursed for Reserve Expenditures	(3,200,543)	(3,932,122)
Disbursed for Capital Improvement Expenditures	-	(41,847)
Received from Interest-Bearing Deposits	1,180,000	1,680,000

See Accompanying Notes to Financial Statements

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2025 AND 2024
(CONTINUED)

	2025	2024
Disbursed for Interest-Bearing Deposits	-	(980,000)
Received from Sale of Property	309,894	740,396
Net Cash Flows from Investing Activities	$ 2,266,728	$ 1,662,484
Net Change in Cash and Cash Equivalents	$ 2,418,763	$ 698,899
Cash and Cash Equivalents at Beginning of Year	4,428,862	3,729,963
Cash and Cash Equivalents at End of Year	$ 6,847,625	$ 4,428,862

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid for Income Taxes	$ 530,722	$ 62,981

See Accompanying Notes to Financial Statements

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025 AND 2024

NOTE 1 - NATURE OF OPERATIONS:

The Condominium is an Association organized under the laws of the Commonwealth of Virginia for the purposes of maintaining and preserving the common property of the condominium. The Association is located in Alexandria, Virginia, and consists of 1,684 units. The Association's Board of Directors administers the condominium operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Method of Accounting - The financial statements are presented on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

B) Member Assessments - Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to assess late and interest charges and to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. Any excess assessments at year-end are retained by the Association for use in future years. The Association utilizes the allowance method of accounting for bad debt.

C) Common Property - Real property and common areas acquired from the declarant and related improvements to such property are not recorded in the Association's financial statements, because those properties are owned by the individual unit owners in common and not by the Association. Common property includes, but is not limited to, the exterior structures, mechanical equipment, and recreational facilities.

D) Depreciation - The Association owns furniture, equipment, vehicles, and condominium units that are carried at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets and is reflected in the property fund.

E) Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F) Cash Equivalents - For purposes of the statement of cash flows, the Association considers all highly liquid interest-bearing deposits and investments with an original maturity date of three months or less to be cash equivalents.

NOTE 3 - REPLACEMENT RESERVES:

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

The Association had a replacement reserve study conducted by DMA Reserves, Inc. during 2020. Information from this study is included in the Supplementary Information of Future Major Repairs and Replacements.

The study recommends a contribution to reserves of $4,668,607 for fiscal year 2025. For fiscal year 2025, the Association budgeted to contribute $3,878,941 to reserves. In addition, the Association contributed interest income of $98,436 to reserves.

Funds are being accumulated in replacement reserves based on estimates of future needs for repair and replacement of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material; therefore, amounts accumulated in the replacement reserves may or may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

As of May 31, 2025 and 2024, the Association had designated $6,239,901 and $5,516,428, respectively, for replacement reserves. These designated reserves were funded by cash and interest-bearing deposits.

NOTE 4 - INCOME TAXES:

For income tax purposes, the Association may elect annually to file either as an exempt condominium or as an association taxable as a corporation. As an exempt condominium, the Association's net assessment income would be exempt from income tax, but its interest income would be taxed. Electing to file as a corporation, the Association is taxed on its net income from all sources (to the extent not capitalized or deferred) at normal corporate rates after corporate exemption, subject to the limitation that operating expenses are deductible only to the extent of income from members. For fiscal years 2025 and 2024, the income taxes were calculated using the corporate method.

The Association’s policy is to recognize any tax penalties and interest as an expense when incurred. The Association’s federal and state tax returns for the past three years remain subject to examination by the Internal Revenue Service and the Commonwealth of Virginia.

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of May 31, 2025, the Association maintained its funds in the following manner:

Institution	Cash and Cash Equivalents	Interest-Bearing Deposits
BankUnited	$4,054,783	$ -
Petty Cash	500	
Wells Fargo (Various Institutions)	2,792,342	1,705,000
Totals	$6,847,625	$ 1,705,000

The Association has funds maintained in a Goldman Sachs Financial Square Treasury money fund. Although the value per share of this account has not changed since it was opened and its goal is to maintain a per share value of $1, this account is subject to market fluctuation risk. Therefore, the market fluctuation risk as of May 31, 2025 and 2024 was $2,540,000 and $0, respectively.

Balances at banks are insured by the FDIC for up to $250,000 per financial institution. Amounts in excess of the insured limits were $4,280,999 and $4,016,265 as of May 31, 2025 and 2024, respectively.

Cash and securities held at a SIPC member brokerage firm are insured by the SIPC for up to $500,000, which includes $250,000 limit for cash. The Association maintains funds in a brokerage account which are subject to SIPC limits.

NOTE 6 - ASSESSMENTS RECEIVABLE - NET:

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control.

On June 1, 2023, the Association adopted FASB Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which affects current U.S. GAAP primarily as it relates to the methodology for estimating allowances for credit losses and the presentation and disclosure requirements.

NOTE 6 - ASSESSMENTS RECEIVABLE - NET: (CONTINUED)

The main effect resulting from the adoption of the new standard is that previously reported allowance for doubtful assessments are now shown as allowance for credit losses. The adoption of the new guidance resulted in no changes to unappropriated members' equity as of June 1, 2023.

	2025	2024
Assessments Receivable	$ 492,129	$ 413,190
Less: Allowance for Credit Losses	(320,137)	(164,660)
Assessments Receivable - Net	$ 171,992	$ 248,530

	2025	2024
Allowance for Credit Losses:		
Beginning Balance	$ 164,660	$ 151,276
Write-Offs	(11,349)	-
Recoveries	-	-
Provision	166,826	13,384
Ending Balance	$ 320,137	$ 164,660

NOTE 7 - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION:

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate—Common Interest Realty Associations, Revenue Recognition*, which addressed industry-specific revenue standards for Common Interest Realty Associations (CIRAs). The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Under the new revenue standard which is effective beginning in financial statements for the year ended December 31, 2019, FASB has established that an entity shall account for a contract with a customer that is within the scope of Topic 606 only when all of the five specified criteria are met.

The Association rescinded the ASC 606 Revenue Recognition policy adopted for the 2019 financial statements. The Association has taken the position that ASC 606 does not apply to the Association, and the historically established industry practice for recognizing revenues from regular assessments remains as Generally Accepted Accounting Principles (GAAP).

NOTE 8 - PROPERTY AND EQUIPMENT - NET:

Property and equipment are carried at cost. Depreciation is computed over the estimated useful lives of 5 to 30 years using the straight-line method. Current year depreciation was $15,231.

	2025	2024
Association Owned Units	$ 475,000	$ 505,000
Vehicles	534,316	534,316
Less: Accumulated Depreciation	(868,230)	(882,999)
Total Property and Equipment - Net	$ 141,086	$ 156,317

The Association owned seventeen condominium units. Thirteen of these units were deeded to the Association by the declarant and were recognized on the Association's financial statements at the fair market value at the time they were contributed to the Association. Four additional units were purchased by the Association and were recognized at their acquisition price. The declarant contributed twenty percent of the purchase price of four of these units to the Association. The remaining eighty percent was financed through mortgage notes secured by the condominium units. The mortgages have since been paid off. During fiscal years 2025 and 2024, a total of three units were sold for $322,000 and $786,500, respectively. After selling expenses, the Association recognized a net gain of $309,894 and $740,396 for fiscal years 2025 and 2024, respectively, on the sales. The Association uses the remaining thirteen units as emergency maintenance personnel housing, rental units, exercise rooms and administrative offices.

Village I	
1401 Martha Custis Drive	$ 29,000
1405 Martha Custis Drive	44,000
1409 Martha Custis Drive	30,000
1411 Martha Custis Drive	29,000
Village II	
3544 Martha Custis Drive	27,000
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	
3344 Valley Drive	45,500
3354 Valley Drive	45,500
	$ 475,000

NOTE 9 - PROPERTY RESERVE:

The Association has established a property reserve to track activity related to the capitalization and depreciation of property and equipment. As of May 31, 2025 and 2024, the balance in the property reserve was $141,086 and $156,317, respectively.

NOTE 10 - CAPITAL IMPROVEMENT RESERVE:

The Association has established a capital improvement reserve. During fiscal year 2023, the Association elected to transfer $292,000 from unappropriated members' equity to this reserve, representing budgeted contributions from 2020 through 2023. As of May 31, 2025, expenditures totaling $210,216 for community room renovation have been incurred. As of May 31, 2025 and 2024, the balance in the capital improvement reserve was $81,784. This fund was funded by cash and interest-bearing deposits.

NOTE 11 - CABLE COMMISSION:

The Association signed an 11-year marketing agreement with a vendor that gives them the exclusive right to provide telephone, internet and voice services to the Association. As part of the agreement the Association received a marketing commission equal to $130/unit for a total of $218,400 in June 2022. Upon early termination of the agreement, the Association would refund to the company a portion of the compensation. Therefore, this fee has been deferred and will be recognized as portions of the fee become non-refundable to the vendor.

NOTE 12 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through [date to be inserted upon finalization] ,the date the financial statements were available to be issued.

During fiscal year 2023, the Association entered into a contract for façade repairs for $457,620 plus change orders of $733,006 for a total contract price of $1,190,626. As of May 31, 2025, $434,063 remained to be incurred on this contract, which is being funded through replacement reserves.

Subsequent to year-end, the Association incurred other replacement reserve expenditures of approximately $1,298,000.

In addition, subsequent to year-end, the Association sold a unit for approximately $442,000.

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
MAY 31, 2025
(UNAUDITED)

The Association had a replacement reserve study conducted by DMA Reserves, Inc. in 2020 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The estimated replacement costs presented below do not take into account the effects of inflation between the date of the study and the date the components will require repair or replacement; however, the Association's replacement reserve study does take inflation into consideration when evaluating future expenditures and recommended contributions to reserves.

The following has been extracted from the Association's replacement reserve study and presents significant information about the components of common property.

Component	2020 Estimated Remaining Useful Life (Years)	2020 Estimated Replacement Cost
Roof Replacement	2-29	$ 27,802,054
Common Area Windows	10-23	178,024
Asbestos Abatement-Crawlspaces	1-3	519,419
Rhino Guards	1-3	246,735
Laundry Room Doors	7-10	151,201
Cupola Replacement	6-29	49,029
Electric Meter Bases	5-24	1,213,351
Domestic Water Pipe Replacement	1-5	1,337,166
Sanitary Sewer Lateral Lines	0-89	56,042,841
Water Heater Replacement	3-20	911,952
Heater Room Doors	3	485,602
Yearly Allowances - all buildings	0-4	88,515,089
Pool A, B & C	0-39	4,363,813
Recreation Areas	5-20	67,966
Tennis & Basketball Courts	1-23	1,140,119
Volleyball Courts	3-5	31,470
Tot Lots	0-18	959,160
Fitness Center	1-35	335,992
Social Room	1-35	248,732
Roads & Flatwork	1-23	2,356,050
Maintenance Yard/Buildings	3-50	503,337
Signage	3-10	77,041
Fencing	3-33	272,419
Stair/Site/Wall Railings	3-23	134,922
Retaining Walls	3	867,630
Vehicles	0-15	1,046,064
Administrative Offices	3-35	437,575

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
SCHEDULE OF ACTUAL INCOME AND EXPENSES
COMPARED TO BUDGETED INCOME AND EXPENSES
FOR THE YEAR ENDED MAY 31, 2025

	Actual	"Unaudited" Budget	Variance
INCOME:			
Assessments	$ 11,436,065	$ 11,435,831	$ 234
Interest	98,436	120,250	(21,814)
Gain on Sale of Unit	309,894	710,000	400,106
Unit Service Program - Repairs	24,973	30,000	(5,027)
Late and Legal Charges	62,043	32,900	29,143
Laundry Commission	87	24,000	(23,913)
Cable Commission	19,855	16,800	3,055
Resale Certificates	35,994	38,000	(2,006)
Advertising	2,881	12,000	(9,119)
Rental	82,030	112,000	(29,970)
Storage Rental	45,287	60,273	(14,986)
Other	42,129	61,040	(18,911)
Total Income	$ 12,159,674	$ 12,653,094	$ (493,420)
EXPENSES:			
Payroll and Related:			
Payroll - Management	$ 2,068,448	$ 2,247,191	$ (178,743)
Payroll Taxes	411,450	441,616	(30,166)
Total Payroll and Related	$ 2,479,898	$ 2,688,807	$ (208,909)
Administrative:			
Audit and Tax Preparation	$ 20,076	$ 18,500	$ 1,576
Engineering	1,315	25,000	(23,685)
Legal	60,058	25,000	35,058
Collections	5,340	19,000	(13,660)
Management	89,617	89,138	479
Office Supplies	27,980	15,500	12,480
Office/Machine Equipment	39,751	36,954	2,797
Office Systems Services	55,328	44,323	11,005
Telephone	45,103	42,114	2,989
Other	31,965	38,486	(6,521)
Board/Annual Meeting	4,494	7,600	(3,106)

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
SCHEDULE OF ACTUAL INCOME AND EXPENSES
COMPARED TO BUDGETED INCOME AND EXPENSES
FOR THE YEAR ENDED MAY 31, 2025
(CONTINUED)

	Actual	"Unaudited" Budget	Variance
Communications/Newsletter	6,687	8,180	(1,493)
Committees and Activities	10,290	11,068	(778)
Dues/Subscriptions	3,771	600	3,171
Association Owned Units	129,456	80,000	49,456
Postage	13,287	22,000	(8,713)
Printing	12,766	13,000	(234)
Total Administrative	$ 557,284	$ 496,463	$ 60,821
Utilities:			
Electricity	$ 127,927	$ 118,447	$ 9,480
Gas	296,174	261,388	34,786
Water and Sewer	1,618,234	1,565,575	52,659
Total Utilities	$ 2,042,335	$ 1,945,410	$ 96,925
Repairs:			
General	$ 62,610	$ 107,880	$ (45,270)
Maintenance Supplies	34,667	43,000	(8,333)
Painting	213,904	250,055	(36,151)
Plumbing	26,437	46,000	(19,563)
Swimming Pool	19,458	18,500	958
Total Repairs	$ 357,076	$ 465,435	$ (108,359)
Services and Supplies:			
Exterminating	$ 102,272	$ 55,000	$ 47,272
Pool Contracts	202,562	153,700	48,862
Trash Removal Contract	433,964	413,226	20,738
Uniforms	26,210	24,000	2,210
Unit Service Program Supplies	12,097	12,500	(403)
Landscaping Contract	283,466	374,414	(90,948)
Landscaping Other	378,246	400,000	(21,754)
Vehicles	53,010	50,000	3,010
Cleaning	20,441	21,000	(559)
Exercise Facility	1,710	1,500	210
Total Services and Supplies	$ 1,513,978	$ 1,505,340	$ 8,638

PARKFAIRFAX CONDOMINIUM UNIT OWNERS ASSOCIATION
SCHEDULE OF ACTUAL INCOME AND EXPENSES
COMPARED TO BUDGETED INCOME AND EXPENSES
FOR THE YEAR ENDED MAY 31, 2025
(CONTINUED)

	Actual	"Unaudited" Budget	Variance
Other:			
Taxes - Income	$ 119,751	$ 203,917	$ (84,166)
Taxes - Real Estate	75,897	35,136	40,761
Insurance - Building Liability	581,870	549,395	32,475
Permits/Licenses	8,594	2,500	6,094
Credit Loss - Receivables	166,826	1,500	165,326
Total Other	$ 952,938	$ 792,448	$ 160,490
Total Expenses	$ 7,903,509	$ 7,893,903	$ 9,606
Net Income before Contribution to Reserves	$ 4,256,165	$ 4,759,191	$ (503,026)
Contribution to Reserves	(3,977,377)	(4,759,191)	781,814
Net Income	$ 278,788	$ -	$ 278,788

Goldklang Group CPAs PC

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Management Letter

This communication is intended solely for the information and use of management and the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

December 16, 2025

Board of Directors and Management
Parkfairfax Condominium Unit Owners Association

Dear Board Members and Management:

In planning and performing our audit of the financial statements of Parkfairfax Condominium Unit Owners Association as of May 31, 2025 and for the year then ended, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing auditing 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 the Association's internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and improving operating efficiency. This letter summarizes our comments and suggestions regarding those matters.

Association Specific Comments

Financial Analysis

Associations budget their income evenly over a twelve-month period. When assessments become delinquent, cash flow problems develop and the Association may have problems paying its monthly expenses. Assessments receivable at a level of 3% or less of annual assessments indicates good collection procedures and has a positive impact on cash flow, whereas a balance of more than 3% of annual assessments suggests the Association may have future cash flow problems. As of May 31, 2025, the Association's assessments receivable balance of $492,129 (before deducting the allowance for credit losses of $320,137) was equal to 4% of annual assessments. We recommend the Association continue to aggressively pursue all delinquent accounts.

As of May 31, 2025, the Association had a surplus of $1,695,742 in unappropriated members' equity (excess operating funds). This represents 15% of annual assessments. We commend the Association for accumulating excess operating funds to a level of 10% to 20% of annual assessments. This procedure will decrease the chance that potential operating deficits will consume funds designated for replacement reserves.

The designated replacement reserves of $6,239,901 as of May 31, 2025 were funded by cash and interest-bearing deposits.

Income Taxes

For fiscal year 2025, we recommend the Association file using the corporate method.

Update Reserve Study

The Association had a replacement reserve study conducted in 2020. We recommend the Association consider having an updated study conducted. The Virginia General Assembly passed legislation that requires a study be conducted at least every five years. The Association should take steps to comply with this law.

Prior Owner Balances

As of May 31, 2025, there were prior owner receivable balances totaling $45,815. It is our understanding that the Board has made the decision to write off this balance. We recommend that the decision be documented in the board meeting minutes and that the write off is reflected in the financial statements by management.

The Association's financial statements also reflect prepaid assessments from prior owners totaling $22,830. We recommend the Association determine whether these amounts should be refunded to the previous owners or turned over to the State as unclaimed property.

Budget for Credit Loss- Receivables (Bad Debt)

In the last few years, the Association has incurred credit loss - receivables expense on a consistent basis. We recommend the Association increase the credit loss - receivables line item within the annual budget to more accurately reflect the assessment income to be received from owners.

Contracts

We recommend the Association continue to obtain competitive bids for all large projects and recurring services. Contracts should be reviewed for vendor quality and reputation, price, timeline constraints, and scope of work to be completed. Competitive bids should be reviewed by the Board of Directors and approval of contracts should be documented in the meeting minutes. Copies of contracts should be given to the management agent to ensure proper filing. We also recommend that all change orders on contracts, regardless of dollar amount, be approved and documented in the meeting minutes. During fiscal year 2025, change orders totaling over $700,000 were added to the façade contract. We did not note approval of the change orders in the board meeting minutes.

Credit Card

The Association has a credit card with Atlantic Union Bank. We recommend the Association maintain the following internal controls regarding the use of the credit card:

- Purchases using the credit card should be limited to situations where payment cannot be made by check. Using the credit card bypasses the Association's established internal control procedures.
- Original receipts should be submitted with the statements and should also be uploaded to AvidXchange.
- The original statements should be mailed to the management company's office and a copy should be sent to the property manager to reconcile.
- The credit card should be kept in a secure location and used only by authorized individuals.
- The Association should periodically review the credit limit and should keep the credit limit at a minimum amount.

Old Outstanding Checks

The Association currently has outstanding checks on its bank reconciliation, which were written several months ago. Tracking outstanding checks is an important control procedure that ensures that all outgoing checks are accountable. We recommend management periodically review the list of outstanding checks and investigate if any should be voided and reissued.

Industry Standard Comments

The comments below are industry standard recommendations that we believe provide important guidance to all associations, especially since the volunteers serving on the Association's Board of Directors change periodically. The comments listed below do not imply that the Association is not in compliance with these industry standard recommendations, but rather serve as reminders.

Insurance

We recommend the Association meet with its insurance agent at least annually to discuss insurance coverage. The Association should make sure the insurance policies provide the necessary and appropriate protection. In addition to all of the standard coverage that is usually recommended, the Association should maintain appropriate crime and directors & officers (D&O) coverage. At a minimum, the Association should maintain crime coverage that equals or exceeds the total of its funds or as required by state law. It should be structured to include a defalcation or misappropriation committed by a Board member, an employee of the Association, or employees of the management company, including principals.

Investment Policy

The Association should have a conservative investment policy, which is structured around three elements, in order of importance 1) safety, 2) liquidity and 3) yield. Because safety and liquidity are of prime importance to any association, we recommend investments be limited to instruments of the federal government, which are backed by its full faith and credit, and money market accounts and certificates of deposit at insured institutions.

Periodically, the Association should monitor its accounts for FDIC and SIPC coverage. The FDIC insurance limit is $250,000 per financial institution. Cash and securities held at a SIPC member brokerage firm are insured by the SIPC for up to $500,000, which includes $250,000 limit for cash. The Association should also periodically check the ratings for all financial institutions used by the Association.

Monitoring Activities

The Board of Directors is an integral part of the Association's internal controls. Each month the individual board members should be performing monitoring activities. When performed routinely, these monitoring activities strengthen the Association's internal controls and are essential to ensuring the financial security of the Association's resources.

The Board of Directors should obtain and read the monthly financial statements as prepared and presented by management. At a minimum, the financial statements should include a balance sheet, income statement with budget to actual comparisons, a check register, a general ledger, and bank statements with reconciliations. Variances and unusual transactions should be discussed with management and resolved in a timely manner.

The Board of Directors should consider periodically reviewing randomly selected copies of paid invoices to ensure that the appropriate level of approval has occurred and that the approval is appropriately documented. The Board of Directors should also consider selecting invoices from vendors not recognized or not used on a regular basis.

We shall be pleased to discuss our comments and recommendations in greater detail and we are always available to give advice on any financial matter. Please do not hesitate to contact us if there are any questions regarding proper accounting procedures or the implementation of our suggested changes.

Very truly yours,

GOLDKLANG GROUP CPAs, P.C.

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Communication with Those Charged with Governance under AU-C §260

This communication is intended solely for the information and use of management and the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

December 16, 2025

Board of Directors and Management
Parkfairfax Condominium Unit Owners Association

Dear Board Members and Management:

We have audited the financial statements of Parkfairfax Condominium Unit Owners Association as of May 31, 2025 and for the year then ended and have issued our report thereon. 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. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards (GAAS)

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information required by the Financial Accounting Standards Board, as described by professional standards, is to apply certain limited procedures to the information about management's methods of preparing the information; however, we will not express an opinion or any assurance on the information.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit, Significant Risks, and Other

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.

Our audit will include obtaining an understanding of the Association and its environment, including the system of 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. Material misstatements may result 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. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning: cash, accounts receivable, other assets, property and equipment, accounts payable and other liabilities, income taxes, revenue, expenses, and equity. According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the 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 the year. 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.

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:

Allowance for Credit Losses

The Association's estimate of the allowance for expected credit losses is based on historical loss levels and an analysis of the collectability of individual accounts. We evaluated the methods, assumptions, and data used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Accumulated Depreciation and Depreciation Expense

> The Association's estimates of accumulated depreciation and depreciation expense were established using the straight-line method of depreciation whereby the cost of an asset is amortized over its useful life. We evaluated the methods, assumptions, and data used to develop the accumulated depreciation and depreciation expense in determining that they are 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 subsequent events, if applicable.

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

Difficulties Encountered in Performing the Audit

We encountered no significant 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. The adjusting journal entries have been provided to the Association and will be posted to the Association's accounts, if appropriate. The journal entries are material, either individually or in the aggregate, to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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.

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.

Emphasis of Matter Regarding Revenue Recognition

As discussed in Note 7, the Association has not adopted the new revenue recognition standard as of May 31, 2025. The implementation of this standard would not have had a material effect on the financial statements as of May 31, 2025. Our opinion on the financial statements is not modified with respect to this matter.

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 methods of preparing the information to ensure compliance 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.

Very truly yours,

GOLDKLANG GROUP CPAs, P.C.

Goldklang Group CPAs PC

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Communication of Significant Deficiencies and/or Material Weaknesses under AU-C §265

This communication is intended solely for the information and use of management and the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

December 16, 2025

Board of Directors and Management
Parkfairfax Condominium Unit Owners Association

Dear Board of Directors and Management:

In planning and performing our audit of the financial statements of Parkfairfax Condominium Unit Owners Association as of May 31, 2025 and for the year then ended, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's system of 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 the 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses or other deficiencies that we consider to be significant deficiencies.

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 significant deficiency is a deficiency, or a 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. 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 consider the following deficiencies in the Association's internal control to be material weaknesses or significant deficiencies:

Allowance for Credit Losses

We proposed an adjustment in the amount of $155,476 to increase the allowance for credit losses as of May 31, 2025. This adjustment corrects a material misstatement in the Association's financial statements and is considered a material weakness. If the Association does not have controls in place to ensure that the allowance for credit losses is properly stated, then a material misstatement of the financial statements could occur that would not be prevented, or detected and corrected, by the Association's internal control.

Very truly yours,

GOLDKLANG GROUP CPAs, P.C.