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Independent Auditor's Report

To the Board of Directors of
Council of Co-Owners of Fairlington Glen

Report on the Financial Statements

We have audited the accompanying financial statements of Council of Co-Owners of Fairlington Glen, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council of Co-Owners of Fairlington Glen as of December 31, 2019 and 2018, 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.

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 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, 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 Budget vs. Actual Comparison on pages 14 to 16 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.

Goldklang Group CPAs, P.C.

Reston, Virginia
August 5, 2020

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>(Restated)</u> <u>2018</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 924,898	\$ 1,096,236
Interest-Bearing Deposits	2,500,000	1,975,000
Assessments Receivable - Net	4,270	3,147
Accounts Receivable - Other	19,537	19,537
Accrued Interest Receivable	6,798	6,798
Prepaid Expenses	<u>31,493</u>	<u>23,541</u>
Total Assets	<u>\$ 3,486,996</u>	<u>\$ 3,124,259</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Accounts Payable	\$ 330,142	\$ 119,459
Income Taxes Payable	1,537	5,483
Prepaid Assessments	<u>60,760</u>	<u>52,384</u>
Total Liabilities	<u>\$ 392,439</u>	<u>\$ 177,326</u>
Contingency Reserve	<u>\$ 125,880</u>	<u>\$ 146,936</u>
Replacement Reserves	\$ 2,752,195	\$ 2,622,765
Replacement Reserves Unallocated Interest	<u>136,871</u>	<u>94,850</u>
Total Replacement Reserves	<u>\$ 2,889,066</u>	<u>\$ 2,717,615</u>
Prior Year Unappropriated Members' Equity	\$ 111,838	\$ 111,957
Current Year Net Income (Loss)	<u>(32,227)</u>	<u>(29,575)</u>
Total Unappropriated Members' Equity	<u>\$ 79,611</u>	<u>\$ 82,382</u>
Total Members' Equity	<u>\$ 3,094,557</u>	<u>\$ 2,946,933</u>
Total Liabilities and Members' Equity	<u>\$ 3,486,996</u>	<u>\$ 3,124,259</u>

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	(Restated) 2018
<u>INCOME:</u>		
Assessments	\$ 1,651,296	\$ 1,606,115
Interest	53,192	42,767
Late Fees	1,175	1,825
Pool	429	275
Miscellaneous	-	40
Total Income	\$ 1,706,092	\$ 1,651,022
<u>EXPENSES:</u>		
Administrative	\$ 168,253	\$ 157,802
Insurance	78,286	74,789
Payroll and Related	143,076	135,188
Utilities	199,895	194,470
Pool Complex	48,885	47,517
Landscaping	111,974	108,711
Repairs and Maintenance	211,768	195,729
Service Contracts	80,410	77,902
Bad Debt	1,258	6,282
Income Taxes	12,137	9,683
Total Expenses	\$ 1,055,942	\$ 1,008,073
Net Income before Contribution to Reserves	\$ 650,150	\$ 642,949
Contribution to Reserves	(682,377)	(672,524)
Net Income (Loss)	\$ (32,227)	\$ (29,575)

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Contingency Reserve</u>	<u>Replacement Reserves</u>	<u>Unappropriated Members' Equity</u>	<u>Total Members' Equity</u>
Balance as of December 31, 2017 (Restated)	\$ 111,410	\$ 2,486,732	\$ 136,683	\$ 2,734,825
Addition:				
Contribution to Reserves	10,800	661,724		672,524
Inter-Equity Transfer	24,726		(24,726)	
Deductions:				
Fence		(7,538)		(7,538)
Paving		(68,831)		(68,831)
Plumbing		(7,500)		(7,500)
Pool		(5,206)		(5,206)
Reserve Study		(6,435)		(6,435)
Roof		(238,022)		(238,022)
Sign		(11,908)		(11,908)
Stoop		(84,547)		(84,547)
Window		(854)		(854)
Net Loss			(29,575)	(29,575)
Balance as of December 31, 2018 (Restated)	\$ 146,936	\$ 2,717,615	\$ 82,382	\$ 2,946,933
Addition:				
Contribution to Reserves	8,400	673,977		682,377
Inter-Equity Transfer	(29,456)		29,456	
Deductions:				
Canopy		(3,100)		(3,100)
Carpet		(40,850)		(40,850)
Copper Strip		(1,625)		(1,625)
Drainage		(6,026)		(6,026)
Grill		(267)		(267)
Hallway		(1,747)		(1,747)
Ligjts		(12,256)		(12,256)
Masonry		(15,400)		(15,400)
Stoop and Masonry Phase II		(128,893)		(128,893)
Painting		(53,300)		(53,300)
Pipe		(20,650)		(20,650)
Plywood		(1,100)		(1,100)
Pool		(66)		(66)
Reserve Study		(3,465)		(3,465)
Slate Roof		(58,085)		(58,085)
Roof		(151,861)		(151,861)
Unit B		(1,085)		(1,085)
Water Heater		(2,750)		(2,750)
Net Loss			(32,227)	(32,227)
Balance as of December 31, 2019	<u>\$ 125,880</u>	<u>\$ 2,889,066</u>	<u>\$ 79,611</u>	<u>\$ 3,094,557</u>

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>(Restated)</u> <u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income (Loss)	\$ (32,227)	\$ (29,575)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Bad Debt Expense	1,258	6,282
Decrease (Increase) in:		
Assessments Receivable	(2,381)	(4,837)
Accounts Receivable - Other	-	3,962
Accrued Interest Receivable	-	(3,443)
Prepaid Expenses	(7,952)	6,455
Increase (Decrease) in:		
Accounts Payable	19,137	7,188
Income Taxes Payable	(3,946)	3,991
Prepaid Assessments	8,376	8,984
Net Cash Flows from Operating Activities	<u>\$ (17,735)</u>	<u>\$ (993)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Received from Assessments (Reserves)	\$ 631,956	\$ 618,957
Received from Assessments (Contingency)	8,400	10,800
Received from Interest (Reserves)	42,021	42,767
Current Year Cash Paid for Reserve Expenditures	\$ (502,526)	\$ (430,841)
Less: Prior Year Reserve Expenditures Payable	(75,581)	(53,566)
Add: Current Year Reserve Expenditures Payable	267,127	75,581
Disbursed for Reserve Expenditures	<u>\$ (310,980)</u>	<u>\$ (408,826)</u>
Received from Interest-Bearing Deposits	\$ 2,865,000	\$ 1,697,055
Disbursed for Interest-Bearing Deposits	<u>(3,390,000)</u>	<u>(1,800,490)</u>
Net Cash Flows from Investing Activities	<u>\$ (153,603)</u>	<u>\$ 160,263</u>

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)

	<u>2019</u>	<u>(Restated)</u> <u>2018</u>
Net Change in Cash and Cash Equivalents	\$ (171,338)	\$ 159,270
Cash and Cash Equivalents at Beginning of Year	<u>1,096,236</u>	<u>936,966</u>
Cash and Cash Equivalents at End of Year	<u>\$ 924,898</u>	<u>\$ 1,096,236</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash Paid For Income Taxes	<u>\$ 16,868</u>	<u>\$ 6,380</u>

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 Association. The Association is located in Arlington, Virginia and consists of 352 units. The Board of Directors administers the operations of the Condominium.

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 annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its assessments is satisfied over time on a daily pro-rata basis using the input method. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. Prior to the adoption of ASU 2014-09, the Association recognized revenue when earned.

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 the property is owed by the individual unit owners in common and not by the Association. Common property includes, but is not limited to, exterior structures, recreational facilities, and other site improvements.

D) Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions. Such estimates affect the reported amounts of assets and liabilities. They also affect the disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(CONTINUED)

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 Restoration Engineering, Inc. during 2013 and updated during 2019. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on the 2019 study.

The 2013 study recommends a contribution to replacement reserves of \$675,532 plus interest contribution of \$34,765 for 2019. For 2019, the Association budgeted to contribute \$631,956 to replacement reserves. Additionally, the Association elected to contribute interest income of \$42,021 to reserves during 2019.

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

As of December 31, 2019 and 2018, the balance in the replacement reserves account was \$2,889,066 and \$2,717,615, respectively. 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 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 2019 and 2018, the Association's 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.

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of December 31, 2019, the Association maintained its funds in the following manner:

<u>Institution</u>	<u>Cash and Cash Equivalents</u>	<u>Interest- Bearing Deposits</u>
Petty Cash	\$ 600	\$ -
Mutual of Omaha	612,721	
Morgan Stanley (Various Institutions)	<u>311,577</u>	<u>2,500,000</u>
Totals	<u>\$ 924,898</u>	<u>\$ 2,500,000</u>

Balances at banks are insured by the FDIC for up to \$250,000 per financial institution. Amounts in excess of the insured limits were \$431,602 and \$451,646 as of December 31, 2019 and 2018, 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 utilizes the allowance method of accounting for bad debt. Individual receivables are written off as a loss when a determination is made that they are non-collectible. Under the allowance method, collection efforts may continue and recoveries of amounts previously written off are recognized as income in the year of collection.

	<u>2019</u>	<u>2018</u>
Assessments Receivable	\$ 14,301	\$ 12,212
Less: Allowance for Doubtful Assessments	<u>(10,031)</u>	<u>(9,065)</u>
Assessments Receivable - Net	<u>\$ 4,270</u>	<u>\$ 3,147</u>

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*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 7 - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION:
 (CONTINUED)

The Association adopted the new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning unappropriated members' equity balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment income, as previously described.

The adoption of the new revenue recognition guidance resulted in no changes to balances as of January 1, 2019.

NOTE 8 - CONTINGENCY RESERVE:

The Association established a contingency reserve for unexpected operating expenses. During 2019 and 2018, the Association budgeted to contribute \$8,400 and \$10,800, respectively, to this fund. During 2019, the Association transferred \$29,456 from the contingency reserve to unappropriated members' equity. As of December 31, 2019 and 2018, the balance in the contingency reserve was \$125,880 and \$146,936, respectively. This reserve was funded by cash and interest-bearing deposits.

NOTE 9 - PRIOR PERIOD ADJUSTMENT:

A damage claim receivable of \$119 and \$9,586 for 2018 and 2017, respectively, which were recorded during prior years were reversed from the accounts receivable. These reductions of accounts receivable had the following effect on the financial statements.

	As Originally Stated	Adjustment	As Restated
	<u> </u>	<u> </u>	<u> </u>
Accounts Receivable - Other (2017)	\$ 31,300	\$ (9,586)	\$ 21,714
Accounts Receivable - Other (2018)	29,241	(9,704)	19,537
Net Income (Loss) (2017)	24,726	(9,586)	15,140
Net Income (Loss) (2018)	(29,456)	(119)	(29,575)
Damage Claims (2017)	(2,299)	9,586	7,287
Damage Claims (2018)	44,211	119	44,330
Unappropriated Members' Equity (2017)	(146,269)	9,586	(136,683)
Unappropriated Members' Equity (2018)	(92,086)	9,704	(82,382)

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(CONTINUED)

NOTE 10 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 5, 2020, the date the financial statements were available to be issued.

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2019
(UNAUDITED)

The Association conducted a replacement reserve study in 2019 by Restoration Engineering, Inc. to estimate the remaining lives and the replacement costs of the 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.

<u>Component</u>	<u>2019 Estimated Remaining Useful Life (Years)</u>	<u>2019 Estimated Replacement Cost</u>
Hardscape	0-13	\$ 1,266,305
Utilities	10-41	2,582,351
Miscellaneous Site Features	2-30	860,535
Recreational Facilities	2-31	809,889
Building Exteriors	0-66	11,078,858
Building Interiors and Services	3-41	184,792

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
BUDGET VS. ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2019

		<u>Unaudited Fairlington Glen Budget</u>	<u>Actual (Post-Audit)</u>
<u>INCOME:</u>			
30100	Assessments	\$ 1,652,140	\$ 1,651,296
30270	Interest	42,400	53,192
30290	Bad Debt Recovery	2,000	-
30171	Late Fees	1,300	1,175
30190	Pool	375	429
30260	Miscellaneous	80	-
		<hr/>	<hr/>
	Total Income	<u>\$ 1,698,295</u>	<u>\$ 1,706,092</u>
 <u>EXPENSES:</u>			
Administrative:			
51020	Postage	\$ 196	\$ -
51030	Office Expenses	1,180	2,341
51031	Copying	1,712	-
51050	Training and Education	100	-
51500	Miscellaneous Expenses	2,647	1,753
51250	Entertainment and Social	256	203
51550	Miscellaneous Administrative	3,958	4,447
	Subtotal Miscellaneous Administrative	<u>\$ 10,049</u>	<u>\$ 8,744</u>
51110	Audit, Taxes and Accounting	\$ 7,050	\$ 7,050
51090	Legal	17,000	12,603
51092	Legal Fee Reimbursement	(4,760)	(798)
51120	Management	78,090	77,555
51125	Management Schedule B	11,299	6,876
51106	Professional Fees	28,800	52,124
51000	Telephone and Related	3,726	4,099
	Total Administrative	<u>\$ 151,254</u>	<u>\$ 168,253</u>
71050	Insurance	<u>\$ 74,830</u>	<u>\$ 78,286</u>
Payroll and Related:			
61301	Federal FICA Taxes	\$ 5,948	\$ 5,989
61308	Payroll Taxes Budget	1,391	1,401
	Subtotal Payroll Taxes	<u>\$ 7,339</u>	<u>\$ 7,390</u>
61302	Virginia Unemployment Taxes	\$ 41	\$ 18
61303	Unemployment Taxes Budget	84	84
	Subtotal Unemployment Taxes	<u>\$ 125</u>	<u>\$ 102</u>

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
BUDGET VS. ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

		<u>Unaudited Fairlington Glen Budget</u>	<u>Actual (Post-Audit)</u>
71070	Group Insurance	\$ 29,150	\$ 26,865
61420	Maintenance Payroll	95,930	98,454
61431	Temporary Help	5,500	3,100
61360	Uniforms	200	196
61300	Payroll Administrative	7,049	6,969
	Total Payroll and Related	<u>\$ 145,293</u>	<u>\$ 143,076</u>
Utilities:			
71030	Electricity	\$ 10,000	\$ 9,701
71010	Water and Sewer	186,322	190,194
	Total Utilities	<u>\$ 196,322</u>	<u>\$ 199,895</u>
Pool Complex:			
61150	Pool Contract	\$ 39,117	\$ 39,117
61145	Pool Repair and Maintenance	11,620	5,875
61156	Pool Furniture	1,100	1,752
51258	Pool Committe	2,700	2,141
	Total Pool Complex	<u>\$ 54,537</u>	<u>\$ 48,885</u>
Landscaping:			
61180	Grounds Contract	\$ 69,639	\$ 69,639
61188	Tree Service	\$ 2,000	\$ 2,580
61557	Landscape Non-Contract	41,000	33,601
61570	Landscape Replacement	3,500	6,154
	Subtotal Tree Services and Landscape Improvements	<u>\$ 46,500</u>	<u>\$ 42,335</u>
	Total Landscaping	<u>\$ 116,139</u>	<u>\$ 111,974</u>
Repairs and Maintenance:			
61200	Property Repairs	\$ 32,000	\$ 24,235
61284	Carpentry	23,201	57,532
61310	Exterior Painting	88,580	93,824
61460	Roofing	31,073	9,730
61010	Vehicle Expenses	979	772
61247	Playground Equipment	9,900	137
61370	Damage Claims	7,163	25,538
	Total Repairs and Maintenance	<u>\$ 192,896</u>	<u>\$ 211,768</u>

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
BUDGET VS. ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

		<u>Unaudited Fairlington Glen Budget</u>	<u>Actual (Post-Audit)</u>
	Service Contracts:		
61240	Extermination	\$ 3,465	\$ 3,728
61250	Trash Removal	10,038	68,216
61581	Snow Removal	68,214	8,466
	Total Service Contracts	<u>\$ 81,717</u>	<u>\$ 80,410</u>
50400	Bad Debt	<u>\$ 2,552</u>	<u>\$ 1,258</u>
71140	Income Taxes	<u>\$ 8,904</u>	<u>\$ 12,137</u>
	Total Expenses	<u>\$ 1,024,444</u>	<u>\$ 1,055,942</u>
	Net Income before Contribution to Reserves	\$ 673,851	\$ 650,150
90000	Replacement Reserves	\$ (631,955)	\$ (631,956)
90005	Replacement Reserves Interest	(33,496)	(42,021)
90061	Contingency Reserves	(8,400)	(8,400)
	Total Reserve Contribution	<u>\$ (673,851)</u>	<u>\$ (682,377)</u>
	Net Income (Loss)	<u>\$ -</u>	<u>\$ (32,227)</u>

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Account # / Description	Prior Period (Adjusted) 12/31/2018	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
10015 CHECKING - MUTUAL OF OMAHA	141,910.71	509,553.67	AJE-1 AJE-2 AJE-7	(52,663.00) (1,106.50) 816.97	456,601.14	B-1
10110 PETTY CASH	300.00	300.00			300.00	Verbal
10112 PETTY CASH CHECKING	300.00	300.00			300.00	Verbal
10122 MUTUAL OF OMAHA MM	146,344.45	154,954.99	AJE-1 AJE-2	58.98 1,106.50	156,120.47	B-3
10133 MORGAN STANLEY	807,380.68	2,745,346.41	AJE-1	(2,433,769.69)	311,576.72	B-2
10134 MORGAN STANLEY CD	1,975,000.00		AJE-1	2,500,000.00	2,500,000.00	B-2
10160 ASSESSMENTS RECEIVABLE	12,212.00	14,301.16			14,301.16	E-1
10165 ALLOWANCE FOR DOUBTFUL ACCC	(9,065.00)	(9,065.00)	AJE-3	(966.00)	(10,031.00)	F-1
10169 ACCRUED INTEREST REC	6,798.23	6,798.23			6,798.23	Y-2
10170 MISC RECEIVABLE	19,537.23	29,241.35	AJE-13	(9,704.12)	19,537.23	E-2
10190 TAXES RECEIVABLE		816.97	AJE-7	(816.97)		
10240 PREPAID INSURANCE	17,860.51	23,202.21			23,202.21	G-1
10250 PREPAID EXPENSES	5,679.94	5,736.74	AJE-11	2,553.87	8,290.61	G-2
20120 PREPAID ASSESSMENTS	(52,384.15)	(60,760.43)			(60,760.43)	E-1
20140 FICA PAYABLE	168.35	387.36			387.36	
20141 FEDERAL W/H PAYABLE	(134.66)	(353.67)			(353.67)	
20142 VA W/H TAXES PAYABLE	(356.07)	(356.07)			(356.07)	
20146 MEDICARE W/H PAYABLE	(0.01)	(0.01)			(0.01)	
20160 ACCRUED EXPENSES	(115,732.60)	(29,041.02)	AJE-4 AJE-15	(276,797.39) (19,350.00)	(325,188.41)	N-1
20161 ACCRUED PAYROLL	(3,475.71)	(4,856.00)	AJE-4	533.13	(4,322.87)	N-1
20175 INCOME TAXES PAYABLE	(5,483.00)	(5,483.00)	AJE-8	3,946.00	(1,537.00)	T-1

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Account # / Description	Prior Period (Adjusted) 12/31/2018	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
20197 RESALE DOC PAYABLE	(270.00)	(650.50)			(650.50)	
20410 MEMBERS EQUITY	(111,957.01)	(92,086.42)	AJE-12 AJE-13	(29,456.00) 9,704.12	(111,838.30)	V-1
25500 RESERVE/REPLACE	(2,622,764.92)	(3,057,190.26)	AJE-4 AJE-4 AJE-6 AJE-10 AJE-14 AJE-15	247,386.19 391.00 37,930.50 477.00 (539.16) 19,350.00	(2,752,194.73)	R-1
25620 RESERVE/CONTINGENCY	(146,936.00)	(155,336.00)	AJE-12	29,456.00	(125,880.00)	R-1
25850 RESERVE/UNALLOCATED INTERES	(94,849.68)	(126,106.36)	AJE-5	(10,764.78)	(136,871.14)	R-1
98000 CLEARING	342.00	342.00			342.00	
(Profit) Loss	29,574.71	50,003.65		(17,776.65)	32,227.00	
	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	

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Account # / Description	Prior Period (Adjusted) 12/31/2018	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
30100 ASSESSMENTS INCOME	(1,606,115.00)	(1,651,296.00)			(1,651,296.00)	Y-1
30171 LATE FEES	(1,825.00)	(1,175.00)			(1,175.00)	
30190 POOL INCOME	(275.00)	(379.00)	AJE-9	(50.00)	(429.00)	Y-3
30196 POOL PASS INCOME		(50.00)	AJE-9	50.00		
30260 MISCELLANEOUS INCOME	(40.00)					
30270 INTEREST INCOME	(42,766.59)	(39,565.43)	AJE-1	(13,626.29)	(53,191.72)	Y-2
50400 BAD DEBT EXPENSE	6,282.35	292.00	AJE-3	966.00	1,258.00	F-1
51000 TELEPHONE	3,545.02	4,098.85			4,098.85	
51020 POSTAGE	331.82					
51030 OFFICE EXPENSE	2,650.67	372.66	AJE-4 AJE-14	1,658.34 310.00	2,341.00	
51031 COPYING	2,563.02					
51050 TRAINING & EDUCATION	60.00					
51090 LEGAL	18,360.04	12,550.89	AJE-4	52.00	12,602.89	X-1
51092 LEGAL FEE REIMBURSE	(1,081.00)	(798.00)			(798.00)	
51106 PROFESSIONAL FEES	34,554.75	50,014.00	AJE-4	2,110.00	52,124.00	X-1
51110 AUDITING, TAXES AND ACCOUNT	6,950.00	7,050.00			7,050.00	X-1
51120 MANAGEMENT FEES	76,559.28	77,554.56			77,554.56	X-1
51125 MANAGEMENT REIMBURSEMENTS		5,397.71	AJE-4	1,478.25	6,875.96	
51250 ENTERTAINMENT & SOCIAL		116.33	AJE-4	86.82	203.15	
51258 POOL COMMITTEE - SOC	1,107.47	2,673.56	AJE-10	(532.08)	2,141.48	
51500 MISCELLANEOUS EXPENSE	1,225.12	1,220.83	AJE-4 AJE-8 AJE-14	17.99 784.97 39.16	1,752.95	

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Account # / Description	Prior Period (Adjusted) 12/31/2018	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
			AJE-14	(310.00)		
51550 MISCELLANEOUS ADMINISTRATI	12,082.93	4,400.26	AJE-4	47.13	4,447.39	
61010 AUTO & TRUCK	796.92	658.73	AJE-4	112.97	771.70	
61145 POOL REPAIR & MAINTENANCE	5,947.02	4,353.19	AJE-10	1,521.77	5,874.96	
61150 POOL CONTRACT	38,350.00	40,638.77	AJE-10	(1,521.77)	39,117.00	X-1
61156 POOL FURNITURE	2,112.92	1,159.78	AJE-10 AJE-10	59.99 532.08	1,751.85	
61180 GROUNDS CONTRACT	69,638.53	69,638.53			69,638.53	X-1
61188 TREE SERVICE		3,080.00	AJE-10	(500.00)	2,580.00	
61200 PROPERTY REPAIRS	28,005.55	18,912.82	AJE-4 AJE-10 AJE-10 AJE-10 AJE-10	5,569.45 (196.87) 847.88 (421.00) (477.00)	24,235.28	X-1
61240 EXTERMINATION	3,108.00	3,228.00	AJE-14	500.00	3,728.00	
61247 PLAYGROUND EQUIPMENT	3,955.00		AJE-10	136.88	136.88	
61250 TRASH REMOVAL CONTRACT	67,538.36	68,216.08			68,216.08	X-1
61284 CARPENTRY	34,955.62	34,093.92	AJE-4 AJE-10	23,975.00 (537.06)	57,531.86	X-1
61300 PAYROLL ADMINISTRATION	6,774.71	6,969.27			6,969.27	X-2
61301 FED. FICA TAX	5,790.32	5,988.93			5,988.93	X-2
61302 VA UNEMPLOYMENT TAX	18.35	17.59			17.59	
61303 FED. UNEMPLOYMENT TAX	84.00	83.99			83.99	
61308 FED. MEDICARE TAX	1,185.46	1,400.66			1,400.66	
61310 EXTERIOR PAINTING	78,760.00	93,823.94			93,823.94	X-1

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Account # / Description	Prior Period (Adjusted) 12/31/2018	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
61360 UNIFORMS		196.10			196.10	
61370 DAMAGE CLAIMS	44,329.88	27,540.36	AJE-10 AJE-10 AJE-10 AJE-10 AJE-10	537.06 (847.88) (150.00) 421.00 (1,962.24)	25,538.30	X-1
61420 MAINTENANCE PAYROLL	93,273.75	98,987.52	AJE-4	(533.13)	98,454.39	X-2
61431 TEMPORARY HELP DETAIL	1,080.00	3,100.00			3,100.00	
61460 ROOF REPAIRS	4,924.50	47,660.00	AJE-6	(37,930.50)	9,729.50	X-1
61557 LANDSCAPE IMPROVEMENTS	39,072.36	39,688.55	AJE-4	(6,087.75)	33,600.80	X-1
61570 LANDSCAPE REPLACEMENT/IMPRC		3,542.14	AJE-10 AJE-10 AJE-10	500.00 150.00 1,962.24	6,154.38	
61581 SNOW REMOVAL	7,256.25	8,465.94			8,465.94	
71010 WATER AND SEWER	184,769.57	190,194.19			190,194.19	X-1
71030 ELECTRICITY	9,699.75	9,700.66			9,700.66	
71050 INSURANCE COVERAGE	74,789.30	78,286.37			78,286.37	G-1
71070 GROUP INSURANCE	26,982.12	29,418.75	AJE-11	(2,553.87)	26,864.88	X-1
71140 INCOME TAXES	9,683.00	16,867.97	AJE-8	(4,730.97)	12,137.00	T-1
90000 TRANSFER TO RESERVES	618,957.00	631,956.00			631,956.00	R-1
90005 TRANSFER RSRV INTREST	42,766.59	31,256.68	AJE-5	10,764.78	42,021.46	R-1
90061 TRANSFER RESERVES CONTINGEN	10,800.00	8,400.00			8,400.00	R-1
(Profit) Loss	29,574.71	50,003.65		(17,776.65)	32,227.00	

Account #	Account Name / Description	Debits	Credits
BOARD			
12/31/2019		<u>AJE 6</u>	
25500	RESERVE/REPLACE	37,930.50	
61460	ROOF REPAIRS		37,930.50
TO RECLASSIFY PRIOR YEAR EXPENSES			
12/31/2019		<u>AJE 7</u>	
10190	TAXES RECEIVABLE		816.97
10015	CHECKING - MUTUAL OF OMAHA	816.97	
TO REVERSE DUPLICATE ENTRY			
12/31/2019		<u>AJE 8</u>	
20175	INCOME TAXES PAYABLE	3,946.00	
71140	INCOME TAXES		4,730.97
51500	MISCELLANEOUS EXPENSE	784.97	
TO RECORD CURRENT YEAR INCOME TAXES PAYABLE AND TO RECLASSIFY PRIOR YEAR TAX PAYABLE PAID TO ACTUAL.			
12/31/2019		<u>AJE 9</u>	
30196	POOL PASS INCOME	50.00	
30190	POOL INCOME		50.00
TO COMBINE POOL INCOME PER BOARD			
12/31/2019		<u>AJE 10</u>	
61188	TREE SERVICE		500.00
61570	LANDSCAPE REPLACEMENT/IMPROVEMENTS	500.00	
61200	PROPERTY REPAIRS		196.87
61156	POOL FURNITURE	59.99	
61247	PLAYGROUND EQUIPMENT	136.88	
61284	CARPENTRY		537.06
61370	DAMAGE CLAIMS	537.06	
61370	DAMAGE CLAIMS		847.88
61200	PROPERTY REPAIRS	847.88	
61370	DAMAGE CLAIMS		150.00
61570	LANDSCAPE REPLACEMENT/IMPROVEMENTS	150.00	
51258	POOL COMMITTEE - SOC		532.08
61156	POOL FURNITURE	532.08	
61200	PROPERTY REPAIRS		421.00
61370	DAMAGE CLAIMS	421.00	
61200	PROPERTY REPAIRS		477.00

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Account #	Account Name / Description	Debits	Credits
25500	RESERVE/REPLACE	477.00	
61370	DAMAGE CLAIMS		1,962.24
61570	LANDSCAPE REPLACEMENT/IMPROVEMENTS	1,962.24	
61145	POOL REPAIR & MAINTENANCE	1,521.77	
61150	POOL CONTRACT		1,521.77
TO RECLASSIFY PER BOARD REQUEST			
12/31/2019		<u>AJE 11</u>	
71070	GROUP INSURANCE		2,553.87
10250	PREPAID EXPENSES	2,553.87	
TO RECORD PREPAID EXPENSES			
12/31/2019		<u>AJE 12</u>	
20410	MEMBERS EQUITY		29,456.00
25620	RESERVE/CONTINGENCY	29,456.00	
TO RECORD INTER-EQUITY TRANSFER APPROVED BY THE BOARD DURING JUNE 2019 MEETING			
12/31/2019		<u>AJE 13</u>	
10170	MISC RECEIVABLE		9,704.12
20410	MEMBERS EQUITY	9,704.12	
TO RECORD PRIOR PERIOD ADJUSTMENTS			
12/31/2019		<u>AJE 14</u>	
25500	RESERVE/REPLACE		539.16
61240	EXTERMINATION	500.00	
51500	MISCELLANEOUS EXPENSE	39.16	
51500	MISCELLANEOUS EXPENSE		310.00
51030	OFFICE EXPENSE	310.00	
TO RECLASSIFY PER MANAGER			
12/31/2019		<u>AJE 15</u>	
20160	ACCRUED EXPENSES		19,350.00
25500	RESERVE/REPLACE	19,350.00	
TO RECORD ADDITIONAL RESERVE ACCOUNTS PAYABLE PER REVIEW OF SUBSEQUENT FINANCIAL STATEMENTS FOR FINALIZATION			

Account #	Account Name / Description	Debits	Credits
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Totals	<u>2,908,902.02</u>	<u>2,908,902.02</u>
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