

**Principals**

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Council of Co-Owners of Fairlington Glen, which comprise the balance sheets as of December 31, 2023 and 2022, 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 Council of Co-Owners of Fairlington Glen as of December 31, 2023 and 2022, 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 Council of Co-Owners of Fairlington Glen 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.

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 Council of Co-Owners of Fairlington Glen'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 Council of Co-Owners of Fairlington Glen'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 Council of Co-Owners of Fairlington Glen'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 14 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 Budget vs. Actual Comparison on pages 15-17 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
May 31, 2024

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 822,457	\$ 922,531
Interest-Bearing Deposits	4,043,000	3,703,000
Investments - Debt Securities	148,667	-
Assessments Receivable - Net	16,411	13,393
Accounts Receivable - Other	12,200	-
Income Taxes Receivable	4,626	3,063
Accrued Interest Receivable	19,636	10,270
Prepaid Expenses	70,074	45,321
Deferred Tax	<u>10,930</u>	<u>12,356</u>
Total Assets	<u>\$ 5,148,001</u>	<u>\$ 4,709,934</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Accounts Payable	\$ 307,283	\$ 41,421
Deferred Cable Fees	40,480	45,760
Income Taxes Payable	722	2,876
Prepaid Assessments	<u>55,554</u>	<u>66,859</u>
Total Liabilities	<u>\$ 404,039</u>	<u>\$ 156,916</u>
Contingency Reserve	<u>\$ 189,126</u>	<u>\$ 231,007</u>
Replacement Reserves	\$ 4,093,231	\$ 4,020,100
Replacement Reserves Unallocated Interest	<u>296,568</u>	<u>231,954</u>
Total Replacement Reserves	<u>\$ 4,389,799</u>	<u>\$ 4,252,054</u>
Prior Year Unappropriated Members' Equity	\$ 111,838	\$ 111,838
Current Year Net Income (Loss)	<u>53,199</u>	<u>(41,881)</u>
Total Unappropriated Members' Equity	<u>\$ 165,037</u>	<u>\$ 69,957</u>
Total Members' Equity	<u>\$ 4,743,962</u>	<u>\$ 4,553,018</u>
Total Liabilities and Members' Equity	<u>\$ 5,148,001</u>	<u>\$ 4,709,934</u>

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<u>INCOME:</u>		
Assessments	\$ 1,858,044	\$ 1,779,864
Interest	81,790	45,692
Cable Marketing Fees	5,280	5,280
Late Fees	1,900	1,450
Pool	200	185
Miscellaneous	245	-
Total Income	\$ 1,947,459	\$ 1,832,471
<u>EXPENSES:</u>		
Administrative	\$ 112,545	\$ 112,485
Insurance	142,443	113,897
Payroll and Related	252,737	233,717
Utilities	204,498	204,272
Pool Complex	70,952	60,092
Landscaping	125,848	113,844
Repairs and Maintenance	153,670	225,160
Service Contracts	81,688	98,640
Income Taxes	19,985	10,320
Total Expenses	\$ 1,164,366	\$ 1,172,427
Net Income before Contribution to Reserves	\$ 783,093	\$ 660,044
Contribution to Reserves	(729,894)	(701,925)
Net Income (Loss)	\$ 53,199	\$ (41,881)

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Contingency Reserve</u>	<u>Replacement Reserves</u>	<u>Unappropriated Members' Equity</u>	<u>Total Members' Equity</u>
Balance as of December 31, 2021	\$ 218,273	\$ 3,721,187	\$ 124,572	\$ 4,064,032
Additions:				
Contribution to Reserves		696,645		696,645
Contribution from Cable Marketing Fees		5,280		5,280
Inter-Equity Transfer	12,734		(12,734)	
Deductions:				
Handicap		(8,600)		(8,600)
Pickleball Court		(5,865)		(5,865)
Tractor		(5,493)		(5,493)
Paver Walkway		(2,285)		(2,285)
Drainage		(12,243)		(12,243)
Masonry Survey		(29,059)		(29,059)
Sign		(574)		(574)
Stoop & Masonry Phase III		(106,939)		(106,939)
Net Loss			(41,881)	(41,881)
Balance as of December 31, 2022	\$ 231,007	\$ 4,252,054	\$ 69,957	\$ 4,553,018
Additions:				
Contribution to Reserves		724,614		724,614
Contribution from Cable Marketing Fees		5,280		5,280
Net Income			53,199	53,199
Inter-Equity Transfer	(41,881)		41,881	
Deductions:				
Pickleball Court		(5,865)		(5,865)
Floors		(480)		(480)
Stoop & Masonry Phase III		(79,552)		(79,552)
Paving		(94,028)		(94,028)
Pipe		(10,039)		(10,039)
Sewer		(32,229)		(32,229)
Light Fixture		(75,894)		(75,894)
Drains		(5,763)		(5,763)
Asphalt Paving		(241,993)		(241,993)
Pool		(11,355)		(11,355)
Engineering Masonry Phase III		(3,838)		(3,838)
Engineering Pavement		(16,068)		(16,068)
Reserve Study		(15,045)		(15,045)
Balance as of December 31, 2023	<u>\$ 189,126</u>	<u>\$ 4,389,799</u>	<u>\$ 165,037</u>	<u>\$ 4,743,962</u>

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income (Loss)	\$ 53,199	\$ (41,881)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization of Cable Income	(5,280)	(5,280)
Deferred Tax Expense (Benefit)	1,426	(12,356)
Decrease (Increase) in:		
Assessments Receivable	(3,018)	(4,512)
Accounts Receivable - Other	(12,200)	-
Income Taxes Receivable	(1,563)	4,200
Accrued Interest Receivable	(9,366)	(6,386)
Prepaid Expenses	(24,753)	(1,361)
Increase (Decrease) in:		
Accounts Payable	8,291	(15,829)
Income Taxes Payable	(2,154)	2,876
Prepaid Assessments	(11,305)	(3,129)
Net Cash Flows from Operating Activities	\$ (6,723)	\$ (83,658)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Received from Assessments (Reserves)	\$ 660,000	\$ 660,548
Received from Cable Marketing Income	5,280	5,280
Received from Interest (Reserves)	64,614	36,097
Current Year Cash Paid for Reserve Expenditures	\$ (592,149)	\$ (171,058)
Less: Prior Year Reserve Expenditures Payable	(11,043)	(15,182)
Add: Current Year Reserve Expenditures Payable	268,614	11,043
Disbursed for Reserve Expenditures	\$ (334,578)	\$ (175,197)

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(CONTINUED)

	<u>2023</u>	<u>2022</u>
Received from Interest-Bearing Deposits/Investments	\$ 770,000	\$ 595,000
Disbursed for Interest-Bearing Deposits/Investments	<u>(1,258,667)</u>	<u>(1,189,000)</u>
Net Cash Flows from Investing Activities	<u>\$ (93,351)</u>	<u>\$ (67,272)</u>
 Net Change in Cash and Cash Equivalents	 \$ (100,074)	 \$ (150,930)
 Cash and Cash Equivalents at Beginning of Year	 <u>922,531</u>	 <u>1,073,461</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 822,457</u>	 <u>\$ 922,531</u>
 <u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
 Cash Paid For Income Taxes	 <u>\$ 22,325</u>	 <u>\$ 19,800</u>

See Accompanying Notes to Financial Statements

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 are 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 credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Association's control.

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 that affect certain reported amounts and disclosures. Accordingly, 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, 2023 AND 2022
(CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F) Debt Securities - The Association's debt securities have been classified and accounted for either as available-for-sale or held-to-maturity. Debt securities are classified as held-to-maturity when the Association has the positive intent and the ability to hold the securities to maturity. Securities not classified as held-to-maturity are classified as available-for-sale. The cost of securities sold is based upon the specific identification method. The Association reviews its debt securities annually to determine if any security has experienced an other-than-temporary decline in fair value. If a determination is made that the decline is other-than-temporary, the Association writes down the investment to its market value and records the related write-down as an investment loss in its Statement of Income.

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 2019. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on this study.

The 2019 study does not have a cash flow schedule for the recommended contribution amount. For 2023, the Association budgeted to contribute \$660,000 to replacement reserves. Additionally, the Association elected to contribute interest income of \$64,614 and \$5,280 of cable marketing fees during 2023.

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, 2023 and 2022, the balance in the replacement reserves account was \$4,389,799 and \$4,252,054, respectively. These designated reserves were funded by cash, interest-bearing deposits and investments.

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(CONTINUED)

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 2023 and 2022, 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.

In accordance with accounting standards, a deferred tax asset has been recorded in the financial statements. Deferred assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. That is, the interest expense deductions currently exceed taxable income, and a deferred tax asset will be shown until this excess is applied to future years' taxable income.

During 2022, for tax purposes, the deferred cable income was recognized as taxable income. For financial statement purposes, the cable income was deferred over the term of the contract. As a result, as of December 31, 2023 and 2022, the Association had a deferred tax asset of \$10,930 and \$12,356, respectively related to the taxation of cable income.

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of December 31, 2023, 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	\$ -
First Citizen Bank	610,269	
Morgan Stanley (Various Institutions)	211,588	4,043,000
Totals	<u>\$ 822,457</u>	<u>\$ 4,043,000</u>

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(CONTINUED)

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS: (CONTINUED)

Balances at banks are insured by the FDIC for up to \$250,000 per financial institution. Amounts in excess of the insured limits were \$623,557 and \$723,971 as of December 31, 2023 and 2022, 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:

At December 31, 2023 and 2022, the Association had delinquent assessments of \$16,411 and \$13,393, respectively. It is the opinion of the board of directors that the Association will ultimately prevail against members with delinquent assessments and, accordingly, no allowance for credit losses is deemed necessary.

On January 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. The adoption of the new guidance resulted in no changes.

NOTE 7 - INVESTMENTS - DEBT SECURITIES:

Held-to-maturity debt securities are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts to maturity. In accordance with ASC 820-10, the fair value of the debt securities was obtained using Level 1 Inputs. The amortized cost, gross unrealized gains and losses, and fair value of the held-to-maturity debt securities are summarized below:

	<u>Held-to-Maturity Debt Securities</u>			
<u>December 31, 2023</u>	<u>Amortized</u> <u>Cost</u>	<u>Gross</u> <u>Unrealized</u> <u>Gains</u>	<u>Gross</u> <u>Unrealized</u> <u>Losses</u>	<u>Fair</u> <u>Value</u>
U.S. Treasury Obligations	\$ 148,667	\$ -	\$ (835)	\$ 147,832
Total Held-to-Maturity Debt Securities	<u>\$ 148,667</u>	<u>\$ -</u>	<u>\$ (835)</u>	<u>\$ 147,832</u>

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(CONTINUED)

NOTE 7 - INVESTMENTS - DEBT SECURITIES: (CONTINUED)

Contractual maturities of investments in debt securities at December 31, 2023 are shown below. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

	Amortized Cost as of 12/31/2023
One to Five Year	\$ 148,667
Total Investments in Debt Securities	\$ 148,667

NOTE 8 - CONTINGENCY RESERVE:

The Association established a contingency reserve for unexpected operating expenses. During 2023 and 2022, the Association did not budget any fund to this reserve. During 2023, the Association transferred \$41,881 from the contingency reserve to unappropriated members' equity. During 2022, the Association transferred \$12,734 from unappropriated members' equity to the contingency reserve. As of December 31, 2023 and 2022, the balance in the contingency reserve was \$189,126 and \$231,007, respectively. This reserve was funded by cash, interest-bearing deposits and investments.

NOTE 9 - DEFERRED CABLE FEES:

The Association signed a 10-year cable installation and service agreement with a term beginning September 1, 2021 and ending August 31, 2031. As part of the agreement the Association received \$52,800 as marketing support commission. The proceeds are being amortized over the life of the agreement and were recorded as deferred marketing support commission. For 2023 and 2022, \$5,280 was recognized each year as income to the Association. As of December 31, 2023 and 2022, \$40,480 and \$45,760, respectively, remained as deferred cable fees.

NOTE 10 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 31, 2024, 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, 2023
(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, 2023

		<u>Fairlington Glen Budget</u>	<u>Actual (Post-Audit)</u>
<u>INCOME:</u>			
40100	Assessments	\$ 1,860,321	\$ 1,858,044
40270	Interest	43,252	81,790
40290	Bad Debt Recovery	1,833	-
40172	Late Fees	1,200	1,900
40190	Pool	368	200
40010	Additional Charges	-	245
40430	Miscellaneous	<u>1,760</u>	<u>5,280</u>
	Total Income	<u>\$ 1,908,734</u>	<u>\$ 1,947,459</u>
<u>EXPENSES:</u>			
Administrative:			
51020	Postage	\$ 100	\$ -
51030	Office Expenses	3,284	3,015
51031	Copying	1,160	877
51050	Training and Education	300	-
51500	Miscellaneous Expenses	1,996	528
51250	Entertainment and Social	300	384
51550	Miscellaneous Administrative	<u>5,038</u>	<u>5,421</u>
	Subtotal Miscellaneous Administrative	<u>\$ 12,178</u>	<u>\$ 10,225</u>
51110	Audit, Taxes and Accounting	\$ 8,500	\$ 8,620
51090	Legal	17,500	12,603
51092	Legal Fee Reimbursement	(2,800)	(839)
51120	Management	67,584	67,584
51125	Management Schedule B	7,838	11,047
51160	Telephone and Related	<u>4,391</u>	<u>3,305</u>
	Total Administrative	<u>\$ 115,191</u>	<u>\$ 112,545</u>
51750	Insurance	<u>\$ 118,587</u>	<u>\$ 142,443</u>
Payroll and Related:			
52301	Federal FICA Taxes	\$ 6,230	\$ 6,739
52308	Payroll Taxes Budget	<u>1,457</u>	<u>1,576</u>
	Subtotal Payroll Taxes	<u>\$ 7,687</u>	<u>\$ 8,315</u>
52302	Virginia Unemployment Taxes	\$ 41	\$ 44
52303	Unemployment Taxes Budget	<u>105</u>	<u>95</u>
	Subtotal Unemployment Taxes	<u>\$ 146</u>	<u>\$ 139</u>

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
BUDGET VS. ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

		<u>Fairlington Glen Budget</u>	<u>Actual (Post-Audit)</u>
51770	Group Insurance	\$ 24,278	\$ 27,673
51137	Management On-Site	98,280	99,548
52420	Maintenance Payroll	100,490	106,427
52431	Temporary Help	5,200	-
65360	Uniforms	620	513
52044	Payroll Administrative	9,050	10,122
	Total Payroll and Related	<u>\$ 245,751</u>	<u>\$ 252,737</u>
Utilities:			
62000	Electricity	\$ 11,699	\$ 11,753
62120	Water and Sewer	204,738	192,745
	Total Utilities	<u>\$ 216,437</u>	<u>\$ 204,498</u>
Pool Complex:			
60000	Pool Contract	\$ 50,700	\$ 50,700
60115	Pool Repair and Maintenance	9,232	16,826
60176	Pool Furniture	2,000	893
51268	Pool Committee	2,500	2,533
	Total Pool Complex	<u>\$ 64,432</u>	<u>\$ 70,952</u>
Landscaping:			
58000	Grounds Contract	\$ 93,828	\$ 101,808
58172	Tree Service	\$ 3,000	\$ 1,144
61572	Special Projects/Improvement	4,000	1,945
58050	Landscape Non-Contract	22,000	18,973
58070	Landscape Replacement	3,752	1,978
	Subtotal Tree Services and Landscape Improvements	<u>\$ 32,752</u>	<u>\$ 24,040</u>
	Total Landscaping	<u>\$ 126,580</u>	<u>\$ 125,848</u>
Repairs and Maintenance:			
65200	Property Repairs	\$ 16,563	\$ 34,227
65090	Maintenance Supplies	5,868	6,207
65284	Carpentry	29,147	21,167
65310	Exterior Painting	102,011	47,634
65460	Roofing	44,081	33,307
65010	Vehicle Expenses	689	205
65247	Playground Equipment	1,850	3,039
51106	Professional Fees	14,016	2,659
65370	Damage Claims	11,512	5,225
	Total Repairs and Maintenance	<u>\$ 225,737</u>	<u>\$ 153,670</u>

COUNCIL OF CO-OWNERS OF FAIRLINGTON GLEN
BUDGET VS. ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

		<u>Fairlington Glen Budget</u>	<u>Actual (Post-Audit)</u>
	Service Contracts:		
65240	Extermination	\$ 3,616	\$ 4,645
65250	Trash Removal	74,371	77,043
58581	Snow Removal	10,955	-
	Total Service Contracts	<u>\$ 88,942</u>	<u>\$ 81,688</u>
51400	Bad Debt	<u>\$ 2,065</u>	
51140	Income Taxes	<u>\$ 9,083</u>	<u>\$ 19,985</u>
	Total Expenses	<u>\$ 1,212,805</u>	<u>\$ 1,164,366</u>
	Net Income before Contribution to Reserves	\$ 695,929	\$ 783,093
90000	Replacement Reserves	\$ (660,000)	\$ (660,000)
90005	Replacement Reserves Interest	(34,169)	(64,614)
90062	Cable Marketing Reserves	(1,760)	(5,280)
	Total Reserve Contribution	<u>\$ (695,929)</u>	<u>\$ (729,894)</u>
	Net Income	<u>\$ -</u>	<u>\$ 53,199</u>

05/08/2024

Adjusted Trial Balance

Reviewed by_____

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for the period ended December 31, 2023

Account # / Description	Prior Period (Adjusted) 12/31/2022	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
10000 CHECKING - FIRST CITIZENS BAN	179,994.82	347,582.71			347,582.71	B-1
10010 PETTY CASH	300.00	300.00			300.00	***
10095 PETTY CASH CHECKING	300.00	300.00			300.00	***
10176 AR - DUPLICATE PAYMENT			AJE-11 AJE-17	7,325.62 4,874.60	12,200.22	E-2
12000 MM - FIRST CITIZEN BANK	261,506.11	262,685.55			262,685.55	B-2
12010 MORGAN STANLEY	480,430.07	4,403,254.88	AJE-3	(4,191,667.34)	211,587.54	C-1
12020 MORGAN STANLEY CD	3,703,000.00		AJE-3	4,043,000.00	4,043,000.00	C-1
12030 MORGAN STANLEY INVESTMENTS			AJE-3	148,667.34	148,667.34	C-1
14000 ASSESSMENTS RECEIVABLE	13,393.17	16,411.12			16,411.12	E-1
14169 ACCRUED INTEREST REC	10,270.41	10,270.41	AJE-2	9,365.18	19,635.59	Y-2
14190 TAXES RECEIVABLE	3,063.00	3,063.00	AJE-15	1,563.00	4,626.00	T-1
15005 PREPAID INSURANCE	36,774.08	71,716.35	AJE-14	(8,277.35)	63,439.00	G-1
15010 PREPAID EXPENSES	8,546.96	14,925.95	AJE-7	(8,290.61)	6,635.34	G-2
15262 DEFERRED TAX ASSET	12,356.00	12,356.00	AJE-8	(1,426.00)	10,930.00	N-2
20160 ACCRUED EXPENSES	(36,755.75)	(37,003.49)	AJE-10	(265,030.27)	(302,033.76)	N-1
20175 INCOME TAXES PAYABLE	(2,876.00)	(2,876.00)	AJE-9 AJE-15	2,876.00 (722.00)	(722.00)	T-1
20180 DEFERRED INCOME	(45,760.00)	(40,480.00)			(40,480.00)	N-2
20197 RESALE DOC PAYABLE	(1,368.35)	(1,651.85)			(1,651.85)	
20200 CLEARING	342.00	342.00			342.00	
20500 PREPAID ASSESSMENTS	(66,859.37)	(55,553.53)			(55,553.53)	E-1
21161 ACCRUED PAYROLL	(3,635.44)	(1,715.44)	AJE-10	(2,223.56)	(3,939.00)	N-1
25000 RESERVE/REPLACE	(4,020,100.39)	(4,364,670.32)	AJE-6	(5,280.00)	(4,093,230.92)	R-1

Account # / Description	Prior Period (Adjusted) 12/31/2022	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
			AJE-10	268,613.60		
			AJE-11	(5,019.50)		
			AJE-12	1,770.00		
			AJE-16	11,355.30		
25620 RESERVE/CONTINGENCY	(231,009.05)	(231,009.05)	AJE-13	41,880.11	(189,128.94)	R-1
25850 RESERVE/UNALLOCATED INTERES	(231,954.08)	(289,090.33)	AJE-4	(7,477.76)	(296,568.09)	R-1
30328 OPERATING EQUITY FUND		(1,567.29)	AJE-1	1,567.29		
30410 MEMBERS EQUITY	(111,838.30)	(68,390.90)	AJE-1 AJE-13	(1,567.29) (41,880.11)	(111,838.30)	V-1
(Profit) Loss	41,880.11	(49,199.77)		(3,996.25)	(53,196.02)	
	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	
	<u><u>0.00</u></u>	<u><u>0.00</u></u>		<u><u>0.00</u></u>	<u><u>0.00</u></u>	

05/08/2024
11:27 AM

Adjusted Trial Balance
for the period ended December 31, 2023

Reviewed by_____

Account # / Description	Prior Period (Adjusted) 12/31/2022	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
40010 ADDITIONAL CHARGES			AJE-16	(245.00)	(245.00)	
40100 ASSESSMENTS INCOME	(1,779,864.00)	(1,858,044.00)			(1,858,044.00)	Y-1
40172 LATE FEES	(1,450.00)	(1,900.00)			(1,900.00)	
40190 POOL INCOME	(185.00)	(200.00)			(200.00)	
40217 NSF CHARGES		(245.00)	AJE-16	245.00		
40270 INTEREST INCOME	(45,692.14)	(72,424.70)	AJE-2	(9,365.18)	(81,789.88)	Y-2
40430 MISCELLANEOUS INCOME	(5,280.00)	(5,380.00)	AJE-5	100.00	(5,280.00)	N-2
51020 POSTAGE	201.21					
51030 OFFICE EXPENSE	4,662.50	8,316.37	AJE-16	(5,301.34)	3,015.03	
51031 COPYING	1,064.32	876.52			876.52	
51050 TRAINING & EDUCATION	315.00					
51090 LEGAL	9,408.18	11,166.47	AJE-10	1,436.74	12,603.21	X-1
51092 LEGAL FEE REIMBURSE	(1,112.00)	(839.37)			(839.37)	
51106 PROFESSIONAL FEES	21,788.00	1,884.00	AJE-10 AJE-12	2,545.00 (1,770.00)	2,659.00	
51110 AUDITING, TAXES AND ACCOUNT	7,814.00	8,620.00			8,620.00	X-1
51120 MANAGEMENT FEES	69,708.00	67,584.00			67,584.00	X-1
51125 MANAGEMENT REIMBURSEMENTS	10,973.56	11,046.99			11,046.99	
51137 MANAGEMENT FEE ON SITE	91,016.85	96,185.18	AJE-10 AJE-16	(53.44) 3,416.31	99,548.05	X-2
51140 INCOME TAXES	10,320.00	22,324.71	AJE-8 AJE-9 AJE-15	1,426.00 (2,924.71) (841.00)	19,985.00	T-1
51160 TELEPHONE	3,615.58	3,305.48			3,305.48	
51250 ENTERTAINMENT & SOCIAL		384.13			384.13	

Account # / Description	Prior Period (Adjusted) 12/31/2022	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
51268 POOL COMMITTEE - SOC	227.86	2,533.30			2,533.30	
51500 MISCELLANEOUS EXPENSE	678.45	159.24	AJE-9 AJE-16	48.71 320.00	527.95	
51550 MISCELLANEOUS ADMINISTRATI	5,155.81	8,730.91	AJE-16 AJE-16 AJE-16 AJE-17	5,301.34 (3,416.31) (320.00) (4,874.60)	5,421.34	
51750 INSURANCE COVERAGE	113,896.67	136,472.14	AJE-11 AJE-14	(2,306.12) 8,277.35	142,443.37	G-1
51770 GROUP INSURANCE	23,387.88	25,119.57	AJE-7	2,553.87	27,673.44	X-1
52044 PAYROLL ADMINISTRATION	8,300.43	10,121.59			10,121.59	X-2
52301 FED. FICA TAX	6,209.10	6,739.34			6,739.34	X-2
52302 VA UNEMPLOYMENT TAX	52.80	43.88			43.88	
52303 FED. UNEMPLOYMENT TAX	83.99	95.21			95.21	
52308 FED. MEDICARE TAX	1,448.77	1,575.98			1,575.98	
52420 MAINTENANCE PAYROLL	102,663.89	104,149.81	AJE-10	2,277.00	106,426.81	X-2
58000 GROUNDS CONTRACT	93,108.00	101,808.00			101,808.00	X-1
58050 LANDSCAPE IMPROVEMENTS	15,674.68	18,872.53	AJE-10	100.00	18,972.53	
58070 LANDSCAPE REPLACEMENT/IMPRC	5,061.20	1,978.00			1,978.00	
58172 TREE SERVICE		1,144.00			1,144.00	
58581 SNOW REMOVAL	23,059.27					
60000 POOL CONTRACT	47,850.00	50,700.00			50,700.00	X-1
60115 POOL REPAIR & MAINTENANCE	9,237.82	28,181.48	AJE-16	(11,355.30)	16,826.18	X-1
60176 POOL FURNITURE	2,775.56	(874.61)	AJE-10	1,768.00	893.39	
61572 SPECIAL PROJECTS/IMPROVEMEN		1,945.00			1,945.00	

Account # / Description	Prior Period (Adjusted) 12/31/2022	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
62000 ELECTRICITY	10,749.40	11,753.36			11,753.36	
62120 WATER AND SEWER	193,522.94	204,175.45	AJE-5 AJE-10	(100.00) (11,330.07)	192,745.38	X-1
65010 AUTO & TRUCK	545.57	205.35			205.35	
65090 MISCELLANEOUS SUPPLIES		6,207.07			6,207.07	
65200 PROPERTY REPAIRS	25,909.40	34,227.34			34,227.34	X-1
65240 EXTERMINATION	3,904.00	4,125.00	AJE-10	520.00	4,645.00	
65247 PLAYGROUND EQUIPMENT	5,400.00	3,039.08			3,039.08	
65250 TRASH REMOVAL CONTRACT	71,677.10	71,306.52	AJE-7	5,736.74	77,043.26	X-1
65284 CARPENTRY	25,585.43	21,167.00			21,167.00	X-1
65310 EXTERIOR PAINTING	77,275.00	47,634.00			47,634.00	X-1
65360 UNIFORMS	553.05	512.74			512.74	
65370 DAMAGE CLAIMS	(4,573.81)	5,224.92			5,224.92	
65460 ROOF REPAIRS	73,231.00	31,930.00	AJE-10	1,377.00	33,307.00	X-1
90000 TRANSFER TO RESERVES	660,548.00	660,000.00			660,000.00	R-1
90005 TRANSFER RSRV INTREST	36,096.79	57,136.25	AJE-4	7,477.76	64,614.01	R-1
90062 TRANSFER CABLE MARKETING INC	5,280.00		AJE-6	5,280.00	5,280.00	R-1
(Profit) Loss	41,880.11	(49,199.77)		(3,996.25)	(53,196.02)	

Account #	Account Name / Description	Debits	Credits
12/31/2023		<u>AJE 1</u>	
30328	OPERATING EQUITY FUND	1,567.29	
30410	MEMBERS EQUITY		1,567.29
	TO COMBINE		
12/31/2023		<u>AJE 2</u>	
14169	ACCRUED INTEREST REC	9,365.18	
40270	INTEREST INCOME		9,365.18
	TO RECORD CURRENT YEAR ACCRUED INTEREST INCOME		
12/31/2023		<u>AJE 3</u>	
12020	MORGAN STANLEY CD	4,043,000.00	
12030	MORGAN STANLEY INVESTMENTS	148,667.34	
12010	MORGAN STANLEY		4,191,667.34
	TO RECORD BANK BALANCES PER BANK STATEMENT FOR PRESENTATION PURPOSE ONLY		
12/31/2023		<u>AJE 4</u>	
90005	TRANSFER RSRV INTREST	7,477.76	
25850	RESERVE/UNALLOCATED INTEREST		7,477.76
	TO RECORD RESERVE INTERST CONTRIBUTION		
12/31/2023		<u>AJE 5</u>	
62120	WATER AND SEWER		100.00
40430	MISCELLANEOUS INCOME	100.00	
	TO RECLASSIFY WATER SHUT-OFF REIMBURSEMENT TO CORRECT EXPENSE ACCOUNT		
12/31/2023		<u>AJE 6</u>	
90062	TRANSFER CABLE MARKETING INCOME	5,280.00	
25000	RESERVE/REPLACE		5,280.00
	TO RECORD CURRENT YEAR RESERVE CONTRIBUTION FOR CABLE MARKETING INCOME		
12/31/2023		<u>AJE 7</u>	
15010	PREPAID EXPENSES		8,290.61
65250	TRASH REMOVAL CONTRACT	5,736.74	
51770	GROUP INSURANCE	2,553.87	

Account #	Account Name / Description	Debits	Credits
TO REVERSE PRIOR YEAR PREPAID EXPENSE			
12/31/2023		AJE 8	
51140	INCOME TAXES	1,426.00	
15262	DEFERRED TAX ASSET		1,426.00
TO RECORD CURRENT YEAR DEFERRED TAX EXPENSE			
12/31/2023		AJE 9	
20175	INCOME TAXES PAYABLE	2,876.00	
51140	INCOME TAXES		2,924.71
51500	MISCELLANEOUS EXPENSE	48.71	
TO RECORD PRIOR YEAR INCOME TAX PAYABLE PAID			
12/31/2023		AJE 10	
20160	ACCRUED EXPENSES		265,030.27
25000	RESERVE/REPLACE	268,613.60	
51090	LEGAL	1,436.74	
51106	PROFESSIONAL FEES	2,545.00	
58050	LANDSCAPE IMPROVEMENTS	100.00	
60176	POOL FURNITURE	1,768.00	
62120	WATER AND SEWER		11,330.07
65240	EXTERMINATION	520.00	
65460	ROOF REPAIRS	1,377.00	
21161	ACCRUED PAYROLL		2,223.56
52420	MAINTENANCE PAYROLL	2,277.00	
51137	MANAGEMENT FEE ON SITE		53.44
TO RECORD CURRENT YEAR ACCRUED EXPENSE			
12/31/2023		AJE 11	
10176	AR - DUPLICATE PAYMENT	7,325.62	
25000	RESERVE/REPLACE		5,019.50
51750	INSURANCE COVERAGE		2,306.12
TO RECORD RECEIVABLE FOR DUPLICATE PAYMENT			
12/31/2023		AJE 12	
51106	PROFESSIONAL FEES		1,770.00
25000	RESERVE/REPLACE	1,770.00	
TO RECLASSIFY RESERVE EXPENSE TO CORRECT ACCOUNT			

Account #	Account Name / Description	Debits	Credits
12/31/2023	AJE 13		
25620	RESERVE/CONTINGENCY	41,880.11	
30410	MEMBERS EQUITY		41,880.11
TO RECORD INTER-EQUITY TRANSFER			
12/31/2023	AJE 14		
15005	PREPAID INSURANCE		8,277.35
51750	INSURANCE COVERAGE	8,277.35	
TO RECORD CURRENT YEAR PREPAID INSURANCE			
12/31/2023	AJE 15		
14190	TAXES RECEIVABLE	1,563.00	
20175	INCOME TAXES PAYABLE		722.00
51140	INCOME TAXES		841.00
TO RECORD CURRENT YEAR INCOME TAXES RECEIVABLE AND PAYABLE			
12/31/2023	AJE 16		
60115	POOL REPAIR & MAINTENANCE		11,355.30
25000	RESERVE/REPLACE	11,355.30	
40010	ADDITIONAL CHARGES		245.00
40217	NSF CHARGES	245.00	
51030	OFFICE EXPENSE		5,301.34
51550	MISCELLANEOUS ADMINISTRATIVE	5,301.34	
51550	MISCELLANEOUS ADMINISTRATIVE		3,416.31
51137	MANAGEMENT FEE ON SITE	3,416.31	
51550	MISCELLANEOUS ADMINISTRATIVE		320.00
51500	MISCELLANEOUS EXPENSE	320.00	
TO RECLASSIFY PER BOARD FOR DRAFT TWO			
12/31/2023	AJE 17		
51550	MISCELLANEOUS ADMINISTRATIVE		4,874.60
10176	AR - DUPLICATE PAYMENT	4,874.60	
TO RECORD RECEIVABLE FOR DUPLICATE PAYMENTS			
		<u>Totals</u>	
		4,593,064.86	4,593,064.86