



Principals

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

1801 Robert Fulton Drive, Suite 200
Reston, VA 20191

Associate Principals

Matthew T. Stiefvater, CPA
Sheila M. Lewis, CPA

Managers

Andrew T. Plaugher, CPA
Michele S. Lizama, CPA
Jennifer L. Murray, CPA

TAX BASIS LETTER

October 11, 2024

Board of Directors
Council of Co-Owners of Fairlington Glen
c/o Cardinal Management Group, Inc.
4330 Prince William Parkway, Suite 201
Woodbridge, VA 22192

Dear Board Members:

At your request, we have prepared this letter to provide information for unit owners to use to make potential increases to the tax basis of their units. This information is not provided as tax advice to the unit owners. The unit owners should consult with their own tax preparer to determine if a tax basis adjustment is appropriate for them.

Generally, unit owners may increase the tax basis of their units for their portion of the Association’s total contribution to reserves, if those items were originally set aside for, and ultimately used for capital items rather than operating items. This information would be useful when a unit is sold, and there is a gain on the sale that exceeds the level that is considered to be exempt from tax. In that situation, an increase in the tax basis may reduce such a taxable gain. Again, we stress that unit owners should consult with their own tax preparer before making any basis adjustments.

Based on the information the Association has provided to us, the total potential addition to tax basis for qualified contributions to reserves for the years ended December 31, 1990 through December 31, 2023 is calculated as follows:

1990	\$	155,168
1991		136,700
1992		131,769
1993		151,978
1994		122,134
1995		137,074
1996		175,424
1997		232,908
1998		170,863

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1999	167,815
2000	170,642
2001	139,239
2002	172,905
2003	136,197
2004	180,240
2005	241,500
2006	189,511
2007	408,028
2008	410,000
2009	460,000
2010	487,956
2011	504,814
2012	539,259
2013	521,895
2014	592,290
2015	589,561
2016	625,550
2017	615,094
2018	655,289
2019	611,186
2020	665,726
2021	662,365
2022	655,343
2023	689,663
	<u>\$ 12,506,086</u>

We have been engaged by the Association since 2002. The information for 1990 through 2001 was prepared by the Association's previous accountant and provided to us by the Association.

These amounts should be applied to an individual unit owner's percentage of ownership and prorated for the period of ownership in order to calculate the addition to tax basis for a unit. The percentage of ownership for a particular unit may be obtained from the governing documents or from the management agent.

We would like to provide an example of how to apply this information on an individual basis. For example, an owner who purchased a unit during May 1996 and then sold it during October 2002 would prorate the amount for 1996 and the amount for 2002 for the actual months of ownership. These prorated amounts for 1996 and 2002 should then be added to the amounts shown above for 1997 through 2001. The total should be multiplied by the percentage of ownership for the unit. In this example, we have used a sample percentage. The actual percentage may be different for each unit. You should consult the governing documents, the management agent or the list below for the percentage for your specific unit.

Total 1996	\$ 175,424
x # of months	<u>x 8/12 months</u>
Prorated 1996	<u>\$ 116,949</u>
Total 2002	\$ 172,905
x # of months	<u>x 10/12 months</u>

Prorated 2002	\$ <u>144,088</u>
Total 1997-2001	\$ <u>881,467</u>
Grand Total	\$ 1,142,504
x Ownership Percentage	<u>x .00379</u>
Addition to Basis	<u>\$ 4,330</u>

Based on the information the Association has provided us, these are the percentages for each type of unit:

Arlington	.00379
Barcroft (Inside)	.00243
Barcroft (End)	.00250
Braddock (Inside)	.00195
Braddock (End)	.00202
Clarendon (Inside)	.00297
Clarendon (End)	.00304
Dominion	.00351
Edgewood (Inside)	.00263
Edgewood (End)	.00270

We hope this information is helpful.

Sincerely,

Goldklang Group CPAs, P.C.

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