

# Goldklang Group<sup>®</sup>

CPAs, P.C.

## Principals

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

1801 Robert Fulton Drive, Suite 200  
Reston, VA 20191

## Associate Principals

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

April 30, 2019

Board of Directors  
Bryan Square Homeowners Association, Inc.

Dear Board Members:

Enclosed, please find the draft audit for Bryan Square Homeowners Association, Inc. for the years ended December 31, 2018 and 2017.

- Please sign and date the enclosed representation letter. The letter should be signed by either the President or Treasurer of the Association and the management agent representative. **This letter needs to be returned to our office before the audit can be finalized.**
- Please send the Association's most recent financial statements (which should include the balance sheet and income statement) to our office with the signed representation letter. We are requesting this information to comply with auditing standards.
- **Please return the signed representation letter and most recent financial statements to our office within 60 days from the date of this letter.** This information can be mailed, faxed or emailed to our office. Our email address is [RLs@GGroupCPAs.com](mailto:RLs@GGroupCPAs.com).

If we do not receive the above information within 60 days from the date of this letter, we may need to perform additional audit procedures to satisfy ourselves that no material events have occurred from the date that we completed our audit fieldwork through the date that we receive the signed representation letter. These additional procedures would include examining the bank statements, minutes, financial statements, general ledger and would also include inquiries of management and the board of directors. **We will bill the Association for these additional audit procedures at our hourly rates.**

Please do not hesitate to contact us if there are any questions regarding the draft audit.

Sincerely,

*Goldklang Group CPAs, P.C.*

GOLDKLANG GROUP CPAs, P.C.

Exclusively serving Homeowners, Condominiums and Cooperative Associations in MD, DC and VA since 1974.

phone 703 391 9003    fax 703 391 9004    [www.GGroupCPAs.com](http://www.GGroupCPAs.com)

**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

**INFORMATION INCLUDED WITH THE AUDIT**

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

**INDEPENDENT AUDITOR'S REPORT** - This is our report on the Association's financial statements. Once finalized, the Association may distribute this document, along with the audited financial statements, notes to financial statements and any supplementary information in its entirety to members, potential members, etc.

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

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE UNDER AU-C §260** - Under the Clarified Statements of Auditing Standards AU-C §260 we are required to communicate audit matters that, in our professional judgment, may be significant and relevant to those charged with governance of the Association. Use of this letter is restricted to the board of directors and management.

**COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND/OR MATERIAL WEAKNESSES UNDER AU-C §265** - Under the Clarified Statements of Auditing Standards AU-C §265, we are required to communicate in writing any significant deficiencies and/or material weaknesses in the Association's internal controls. Use of this letter is restricted to the board of directors and management. If we did not note any significant deficiencies or material weaknesses, no letter will be issued.

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

**ADJUSTED TRIAL BALANCE AND ADJUSTING JOURNAL ENTRIES** - These are the proposed audit adjustments for the period under audit.

**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

**Independent Auditor's Report**

To the Board of Directors of  
Bryan Square Homeowners Association, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Bryan Square Homeowners Association, Inc., which comprise the balance sheets as of December 31, 2018 and 2017, 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bryan Square Homeowners Association, Inc. as of December 31, 2018 and 2017, 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 11 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.

Reston, Virginia

BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 123,612	\$ 108,983
Interest-Bearing Deposits	-	10,000
Assessment Receivable	150	-
Accounts Receivable - Other	907	907
Accounts Receivable - Shared Maintenance Costs	3,227	1,866
Prepaid Expenses	<u>3,048</u>	<u>-</u>
Total Assets	<u>\$ 130,944</u>	<u>\$ 121,756</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Accounts Payable	\$ 2,866	\$ 10,937
Income Taxes Payable	438	250
Prepaid Assessments	<u>12,483</u>	<u>8,558</u>
Total Liabilities	<u>\$ 15,787</u>	<u>\$ 19,745</u>
Operating Reserve	\$ 19,935	\$ 19,888
Shared Replacement Reserves	44,212	42,937
Replacement Reserves	45,222	38,227
Unappropriated Members' Equity	<u>5,788</u>	<u>959</u>
Total Members' Equity	<u>\$ 115,157</u>	<u>\$ 102,011</u>
Total Liabilities and Members' Equity	<u>\$ 130,944</u>	<u>\$ 121,756</u>

See Accompanying Notes to Financial Statements

BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>INCOME:</u>		
Assessments	\$ 80,048	\$ 76,236
Shared Maintenance Costs Reimbursement	5,457	6,571
Interest	281	353
Other	750	1,108
Total Income	<u>\$ 86,536</u>	<u>\$ 84,268</u>
<u>EXPENSES:</u>		
Management	\$ 9,600	\$ 9,600
Legal, Audit and Tax Preparation	2,950	2,500
Administrative	791	2,127
Insurance	2,990	2,806
Trash Removal	11,211	10,757
Landscaping	14,361	21,412
Water	8,586	7,422
Electricity	813	504
Common Area Maintenance	10,099	34,263
Snow Removal	2,116	2,565
Income Taxes	250	250
Total Expenses	<u>\$ 63,767</u>	<u>\$ 94,206</u>
Net Income (Loss) Before Contribution to Reserves	\$ 22,769	\$ (9,938)
Contribution to Reserves	<u>(17,940)</u>	<u>(17,557)</u>
Net Income (Loss)	<u><u>\$ 4,829</u></u>	<u><u>\$ (27,495)</u></u>

See Accompanying Notes to Financial Statements

BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
STATEMENTS OF MEMBERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Operating Reserve	Shared Replacement Reserves	Replacement Reserves	Unappropriated Members' Equity	Total Members' Equity
Balance as of December 31, 2016	\$ 19,880	\$ 39,176	\$ 33,706	\$ 28,454	\$ 121,216
Additions:					
Contribution to Reserves	8	3,761	13,788		17,557
Deductions:					
Trellis Replacement			(9,267)		(9,267)
Net Loss				(27,495)	(27,495)
Balance as of December 31, 2017	\$ 19,888	\$ 42,937	\$ 38,227	\$ 959	\$ 102,011
Additions:					
Contribution to Reserves		3,600	14,059		17,659
Interest Contribution	47	82	151		280
Net Income				4,829	4,829
Deductions:					
Benches		(2,407)			(2,407)
Fence			(7,215)		(7,215)
Balance as of December 31, 2018	<u>\$ 19,935</u>	<u>\$ 44,212</u>	<u>\$ 45,222</u>	<u>\$ 5,788</u>	<u>\$ 115,157</u>

See Accompanying Notes to Financial Statements

BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income (Loss)	\$ 4,829	\$ (27,495)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Decrease (Increase) in:		
Assessments Receivable	(150)	-
Accounts Receivable - Other	-	(907)
Accounts Receivable - Shared Maintenance Costs	(1,361)	1,453
Prepaid Expenses	-	2,806
Increase (Decrease) in:		
Accounts Payable	(8,071)	7,497
Income Taxes Payable	188	-
Prepaid Assessments	877	4,595
Net Cash Flows from Operating Activities	<u>\$ (3,688)</u>	<u>\$ (12,051)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Received from Assessments (Reserves)	\$ 17,659	\$ 17,204
Received from Interest (Reserves)	280	353
Received from Reimbursement of Shared Expenses (Reserv	2,406	-
Disbursed for Reserve Expenditures	(12,028)	(9,267)
Received from Interest-Bearing Deposits	10,000	30,000
Net Cash Flows from Investing Activities	<u>\$ 18,317</u>	<u>\$ 38,290</u>
Net Change in Cash and Cash Equivalents	\$ 14,629	\$ 26,239
Cash and Cash Equivalents at Beginning of Year	<u>108,983</u>	<u>82,744</u>
Cash and Cash Equivalents at End of Year	<u>\$ 123,612</u>	<u>\$ 108,983</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid for Income Taxes	<u>\$ 63</u>	<u>\$ 250</u>
----------------------------	--------------	---------------

See Accompanying Notes to Financial Statements



BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

NOTE 1 - NATURE OF OPERATIONS:

The Association is incorporated under the laws of the District of Columbia for the purposes of maintaining and preserving the common property of the Association. The Association is located in Washington, D.C. and consists of 38 townhomes. The Board of Directors administers the operations of the Association.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Method of Accounting - The financial statements are presented on the accrual method of accounting in which revenues are recognized when earned and expenses when incurred, not necessarily when received or paid.

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 homeowners. 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 - Common real property and common areas acquired from the declarant and related improvements to such property are not recorded in the Association's financial statements since the property cannot be disposed of at the discretion of the Board of Directors. Common property includes, but is not limited to, the land and 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 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.

BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017  
(CONTINUED)

NOTE 3 - REPLACEMENT RESERVES: (CONTINUED)

The Association had a replacement reserve study conducted by Property Diagnostics, Inc. during 2015. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on this study.

The study recommends a contribution to reserves of \$1,967 for 2018. For 2018, the Association budgeted to contribute \$14,059 to reserves. In addition, the Association contributed interest income of \$151 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 Board of Directors, on behalf of the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

As of December 31, 2018 and 2017, the Association had designated \$45,222 and \$38,227, respectively, for replacement reserves. These designated replacement reserves were funded by cash and cash equivalents as of December 31, 2018.

NOTE 4 - INCOME TAXES:

For income tax purposes, the Association may elect annually to file either as an exempt homeowners association or as an association taxable as a corporation. As an exempt homeowners association, 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 2018 and 2017, the income taxes were calculated using the exempt 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 District of Columbia.

BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017  
(CONTINUED)

NOTE 5 - CASH AND CASH EQUIVALENTS:

As of December 31, 2018, the Association maintained its funds in the following manner:

<u>Institution</u>	<u>Cash and Cash Equivalents</u>
PNC Bank	\$ 24,744
Wells Fargo	98,868
Total	<u>\$ 123,612</u>

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 - SHARED REPLACEMENT RESERVES:

The Association shares certain common elements with Bryan School Lofts Condominium Association (BSLCA). In 2014, the Association participated in a joint committee to establish the participation levels for each association in relation to the shared elements. The Association elected to revise its shared reserve fund to recognize that there were contributions from BSLCA related to the components funded by this reserve.

The Association had a replacement reserve study conducted by Property Diagnostics, Inc. during 2015. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on this study.

The study recommends a contribution to shared reserves of \$3,344 for 2018. For 2018, the Association budgeted to contribute \$3,600 to shared reserves. In addition, the Association contributed interest income of \$82 to shared reserves.

Funds are being accumulated in shared replacement reserves based on estimates of future needs for repair and replacement of shared property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material; therefore, amounts accumulated in the shared replacement reserves 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 special assessments, or delay major repairs and replacements until funds are available.

BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017  
(CONTINUED)

NOTE 6 - SHARED REPLACEMENT RESERVES: (CONTINUED)

As of December 31, 2018 and 2017, the Association had designated \$44,212 and \$42,937, respectively, for shared replacement reserves. These designated reserves were funded by cash and cash equivalents as December 31, 2018.

NOTE 7 - SHARED MAINTENANCE COSTS:

The Association has an agreement with Bryan School Lofts Condominium Association (BSLCA) whereby BSLCA reimburses the Association for a percentage of certain maintenance costs. During 2018 and 2017, recognized reimbursements of \$5,457 and \$6,571, respectively. As of December 31, 2018 and 2017, \$3,227 and \$1,866, respectively, was due from BSLCA for these shared maintenance costs.

NOTE 8 - OPERATING RESERVE:

The Association has established an operating reserve for unexpected contingencies. During 2018, the Association elected to contribute interest of \$47 to this reserve. As of December 31, 2018 and 2017, the balance in the operating reserve was \$19,935 and 19,888, respectively. This reserve was funded by cash and cash equivalents.

NOTE 9 - SUBSEQUENT EVENTS:

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

BRYAN SQUARE HOMEOWNERS ASSOCIATION, INC.  
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR  
REPAIRS AND REPLACEMENTS  
DECEMBER 31, 2018  
(UNAUDITED)

The Association had a replacement reserve study conducted in 2015 by Property Diagnostics, Inc. to estimate the remaining useful lives and replacement costs of the components of common and shared property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated replacement costs 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>2015 Estimated Remaining Useful Life (Years)</u>	<u>2015 Estimated Replacement Cost</u>
<u>Replacement Reserve Components</u>		
Metal Rails/Fencing	10	\$ 2,113
Wood Trellis	4	7,200
Brick Columns	22	6,720
Stone Wall	22	6,975
Brick Screening Wall	22	3,100
Wood Fence	4	9,000
Mailboxes	22	3,600
<u>Shared Components</u>		
Asphalt	12	30,900
Brick Paved Parking	22	29,600
Concrete Curb and Walk	37-44	57,234
Brick Borders	12	15,657
Brick Pavers	18	1,683
Benches	4	2,000
Site Lighting	17	16,200
Storm Water Filters	2	10,000
Irrigation System	12	6,800
Electrical Equipment	28	3,800
Entrance Monument	20	6,000
Underground Wiring	23	7,500

**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

***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.*

April 30, 2019

Board of Directors

Bryan Square Homeowners Association, Inc.

Dear Board Members:

In planning and performing our audit of the financial statements of Bryan Square Homeowners Association, Inc. as of December 31, 2018 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**

**Bank Statements**

The Association's bank statements with PNC Bank list the owners of the account as "Scout Properties LLC and Bryan Square HOA". We recommend the name be listed as the Association in care of the management agent.

**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 December 31, 2018, the Association's assessments receivable balance of \$150 was equal to less than 1% of annual assessments. We commend the Association for maintaining a low assessments receivable balance of less than 1% of annual assessments.

As of December 31, 2018, the Association had a surplus of \$25,723 in excess operating funds (unappropriated members' equity and operating reserve). This represents 32% of annual assessments. We recommend the Association maintain excess operating funds at 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. Any funds in excess of 20% may be transferred to replacement reserves.

The designated replacement reserves of \$45,222 as of December 31, 2018 were funded by cash and cash equivalents.

#### Assessment Calculation

We tested the calculation of the monthly assessments for 2018 and noted a small variance between the amount we calculated for the monthly assessment and the actual monthly assessment for one home. We recommend the Association review the monthly assessment calculations to ensure that the amounts are being calculated correctly and in accordance with the Association's legal documents.

#### Accounts Receivable - Other

During our examination of the Association's paid invoices, we noticed the Association paid its grounds maintenance vendor twice for the October 2017 landscaping fee. We proposed an adjustment of \$907 to record this amount as accounts receivable - other as of December 31, 2017 and 2018. We recommend the Association contact the vendor to obtain a refund.

#### Income Taxes

For 2018, we recommend the Association file using the exempt method.

#### Industry Standard Comments

##### 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.



**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

***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.*

April 30, 2019

**Board of Directors**

Bryan Square Homeowners Association, Inc.

Dear Board Members:

We have audited the financial statements of Bryan Square Homeowners Association, Inc. as of December 31, 2018 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**

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.

**Planned Scope and Timing of the Audit**

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 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.

### Significant Audit Findings

#### *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. There were no significant accounting estimates for the year under audit.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no significant disclosures to the financial statements for the year under audit.

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 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.

### *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<sup>®</sup>

CPAs, P.C.

## Principals

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

1801 Robert Fulton Drive, Suite 200  
Reston, VA 20191

## Associate Principals

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

### ***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.*

April 30, 2019

Board of Directors

Bryan Square Homeowners Association, Inc.

Dear Board Members:

In planning and performing our audit of the financial statements of Bryan Square Homeowners Association, Inc. as of December 31, 2018 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 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:

Exclusively serving Homeowners, Condominiums and Cooperative Associations in MD, DC and VA since 1974.

phone 703 391 9003    fax 703 391 9004    [www.GGroupCPAs.com](http://www.GGroupCPAs.com)

### Cash Basis of Accounting Used

The Association's accounting records are maintained on a cash basis of accounting throughout the year. We have proposed several material adjustments to present the financial statements on the accrual basis of accounting. The absence of controls over preparing the financial statements on the accrual basis of accounting, which is in accordance with U.S. GAAP, is considered a material weakness because there is a reasonable possibility that a material misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the Association's internal control.

### Reserve Contribution

We proposed an adjustment to reverse the contribution to operating reserves of \$18,000. It is our understanding, based on discussions with the board of directors, that this amount was intended to be a cash transfer between accounts rather than a contribution to the operating reserve. We also proposed an adjustment to correct the contributions to the operating reserves and replacement reserves to match the budgeted contributions and interest income earned. The Association needs to have controls in place to correctly record board approved transfers and contributions to reserves. This is considered a material weakness. If controls are not in place to record transactions in the financial statements properly, then a material misstatement could occur in the Association's financial statements that would not be prevented, or detected and corrected, by the Association's internal control.

Very truly yours,

GOLDKLANG GROUP CPAs, P.C.

### ***Representation Letter***

*This letter needs to be signed by the Board President or Treasurer and management representative, if applicable, and returned to our office within 60 days.*

#### **Bryan Square Homeowners Association, Inc.**

GOLDKLANG GROUP CPAs, P.C.  
1801 Robert Fulton Drive, Suite 200  
Reston, Virginia 20191

Dear Auditors:

The representation letter is provided in connection with your audits of the financial statements of **Bryan Square Homeowners Association, Inc.** which comprise the balance sheets as of **December 31, 2018 and 2017**, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, **to the best of our knowledge and belief**, the following representations made to you during your audits:

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements. In regard to the non-attest services outlined in our engagement letter to be performed by you, we have –
  - Assumed all management responsibilities.
  - Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - Evaluated the adequacy and results of the services performed.
  - Accepted responsibility for the results of the services.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Association's accounts, if appropriate.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning pending litigation, claims, or assessments.
- Material concentrations have been properly disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the Association is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- Transfers or designations of equity balance or inter-equity borrowings have been properly authorized and approved and have been properly recorded or disclosed in accordance with U.S. GAAP.
- Uncollectible inter-equity loans have been properly accounted for and disclosed in accordance with U.S. GAAP.

### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.
- We have provided you with minutes of meetings of the Board of Directors except for January 2018. For the minutes not provided, no actions were taken at the meetings that would require disclosure in, or adjustments to, the financial statements.
- We have provided you with communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if any.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Association and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning pending litigation, claims, or assessments.
- We have disclosed to you the identity of the Association's related parties and all the related party relationships and transactions of which we are aware.
- Except as made known to you and disclosed in the notes to the financial statements, the Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. If applicable, we have reviewed our long lived assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of assets might not be recoverable and have appropriately recorded the adjustment.
- Assessments receivable recorded in the financial statements represent valid claims against debtors for assessments or other charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- We have reviewed with our insurance agent the adequacy of our insurance coverage, including compliance with any statutory or documentary requirements.
- We acknowledge our responsibilities for presenting the required supplementary information (RSI) in accordance with U.S. GAAP. The RSI is measured and presented within prescribed guidelines, and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI. The Association had a study conducted in 2015. 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 Board of Directors, on behalf of the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.
- We understand that the Association is responsible for the choice of income tax filing method and the consequences thereof. The Association's allocation of expenses against exempt and nonexempt function income conforms to IRS rules, which require that the allocation be made "on a reasonable basis." We have adequately documented such allocation.
- We have disclosed to you all material events, if any, that would require adjustments to, or disclosure in, the financial statements. In addition, we represent that no other material events have occurred since you completed your audit fieldwork on April 25, 2019 and through the date of this letter. Examples of material events include, but are not limited to, contracts for replacement reserve expenditures, losses due to a fire, changes in ongoing litigation or new litigation and approval of special assessments. Material events that have occurred are:

---

---

---

---

---

---



**Bryan Square Homeowners Association, Inc.**  
**December 31, 2018 and 2017**

Management Representative:

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Date

President/Treasurer:

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Date

05/30/2019

02:46 PM

Adjusted Trial Balance  
for the period ended December 31, 2018

Reviewed by \_\_\_\_\_

Page 1

Account # / Description	Prior Period (Adjusted) 12/31/2017	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpa Refere
1000 100% RESERVE ACCOUNT	10,529.11	32,458.56	AJE-1	308.94	32,767.50	B-3
1001 100% RESERVE CD'S	10,000.00					
1005 OPERATING	45,779.03	22,931.88	AJE-6	1,812.51	24,744.39	B-1
1010 OPERATING PENDING EFTS		1,030.38	AJE-6	(1,030.38)		
1054 OPERATING RESERVE	19,888.12	27,935.28			27,935.28	B-2
1055 SHARED RESERVE	32,786.51	38,002.84	AJE-1	162.04	38,164.88	B-3
1056 SHARED RESERVE CD'S						
1057 UNDEPOSITED FUNDS		782.13	AJE-6	(782.13)		
1058 PRIOR MGMT OPERATING						
1200 ASSESSMENTS RECEIVABLE			AJE-8	150.00	150.00	E-1
1205 ALLOWANCE FOR DOUBTFUL ACCOUNTS						
1250 ACCRUED INTEREST						
1300 PREPAID INSURANCE			AJE-3	3,048.00	3,048.00	G-1
1500 SHARED EXPENSES REIMBURSEMENT RECEIVABLE	1,866.12		AJE-1 AJE-9 AJE-10	1,866.12 (1,866.12) 3,227.22	3,227.22	E-2
1700 A/R TAXES						
1800 A/R OTHER	907.34		AJE-1	907.34	907.34	E-3
2000 ACCOUNTS PAYABLE	(10,938.76)	1,362.24	AJE-3 AJE-4	(3,048.00) (1,178.15)	(2,863.91)	N-1
2100 INCOME TAXES PAYABLE	(250.00)		AJE-1 AJE-7	(250.00) (187.50)	(437.50)	T-1
2280 PREPAID ASSESMENTS	(8,558.19)	(12,483.47)			(12,483.47)	E-1
3000 RETAINED EARNINGS	(28,453.80)	40,396.74	AJE-1	(41,354.83)	(958.09)	***
3005 OPENING BALANCE EQUITY		(100,774.02)	AJE-1	100,774.02		
3010 SHARED RESERVE	(42,936.51)	(38,551.47)	AJE-1 AJE-2 AJE-5 AJE-5 AJE-11	(4,385.04) (1,881.69) (1,800.00) 4,812.65 (2,406.32)	(44,211.87)	R-1
3011 SHARED RESERVE CONTRIBUTION		(300.00)	AJE-2	300.00		

Adjusted Trial Balance  
for the period ended December 31, 2018

Account # / Description	Prior Period (Adjusted) 12/31/2017	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpa Refere
3015 OPERATING RESERVE	(19,888.12)		AJE-1 AJE-2 AJE-5	(19,888.12) 9,952.84 (10,000.00)	(19,935.28)	R-1
3020 REPLACEMENT RESERVE	(38,226.56)		AJE-1 AJE-2 AJE-5 AJE-5	(38,226.56) (6,274.90) (7,935.97) 7,215.00	(45,222.43)	R-1
(Profit) Loss	27,495.71	(12,791.09)		7,959.03	(4,832.06)	
	-	-		-	-	

05/30/2019

02:46 PM

Adjusted Trial Balance  
for the period ended December 31, 2018

Reviewed by\_\_\_\_\_

Page 3

Account # / Description	Prior Period (Adjusted) 12/31/2017	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpa Refere
4000 HOA FEE	(76,235.52)	(80,047.64)			(80,047.64)	Y-1
4100 LATE FEE INCOME	(400.00)	(600.00)	AJE-8	(150.00)	(750.00)	
4120 BALANCE FOWARD						
4150 CC CONVENIENCE						
4160 INTEREST INCOME	(352.77)	(319.22)	AJE-1	38.50	(280.72)	Y-2
4165 UNREALIZED GAIN/LOSS						
4170 REIMB FOR SHARED EXP	(6,570.57)	(6,502.33)	AJE-9 AJE-10 AJE-11	1,866.12 (3,227.22) 2,406.32	(5,457.11)	E-2
4200 CAPITAL IMPROVEMENT TRANSFER						
4520 BUDGET RESERVES INCOME		(37,735.97)	AJE-5	37,735.97		
4990 OTHER INCOME	(707.70)					
5010 MANAGEMENT FEES	9,600.00	9,600.00			9,600.00	X-1
5030 INSURANCE	2,806.00	2,990.00			2,990.00	G-1
5035 D&O INSURANCE						
5040 AUDIT AND TAXES	2,500.00	2,950.00			2,950.00	X-1
5050 LEGAL						
5060 MEETING EXPENSE-OTHER	528.96	250.00			250.00	
5070 MEETING FOOD/BEVERAGE	44.64					
5080 MEETING SPACE RENTAL	150.00					
5090 POSTAGE						
5091 ADMINISTRATIVE	133.37					
5095 BANK FEES	150.00	278.00			278.00	
5096 CC CONVENIENCE CHARGE						
5170 MISCELLANEOUS	1,100.00					
5171 DONATIONS		250.00			250.00	
5180 ELECTRICAL REPAIRS	1,251.26	904.80			904.80	
5190 EXTERMINATOR	1,640.60	3,378.68			3,378.68	

05/30/2019

02:46 PM

Adjusted Trial Balance  
for the period ended December 31, 2018

Reviewed by\_\_\_\_\_

Page 4

Account # / Description	Prior Period (Adjusted) 12/31/2017	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpa Refere
5210 EXTERIOR REPAIRS		1,569.90			1,569.90	
5214 LOCKS & KEY REPAIR AND REPLACEMENT		135.00			135.00	
5215 MISC. OPERATING EXP						
5216 SIGNAGE						
5217 SECURITY/MONITORING						
5220 TRASH REMOVAL	10,332.40	10,685.64			10,685.64	X-1
5225 BULK TRASH	425.00	525.00			525.00	
5230 LANDSCAPE MAINTENANCE	21,412.17	13,705.69	AJE-4	655.65	14,361.34	X-1
5231 PLUMBING REPAIRS	21,876.00					
5245 SNOW REMOVAL	1,506.93	102.03	AJE-1	47.59	149.62	
5246 ICE MELT & SUPPLIES	1,057.51	1,965.64			1,965.64	
5250 ELECTRICITY	504.16	812.68			812.68	
5255 WATER	1,682.92	1,445.47	AJE-4	14.23	1,459.70	
5260 WATER- DCWASA IMPERVIOUS SURFACE	5,739.14	6,617.56	AJE-4	508.27	7,125.83	X-1
5325 PROPERTY TAX	18.92	11.86			11.86	
5330 LICENSE						
5335 STORM WATER MANAGEMENT	9,495.00	4,110.00			4,110.00	
6000 INCOME TAXES	250.00	62.50	AJE-7	187.50	250.00	T-1
6700 MAINT PROJ REIMB FR OWNERS						
9000 CAPITAL IMPROVEMENT		4,812.65	AJE-5	(4,812.65)		
9005 CAPITAL IMPROVEMENT- FENCE AND GATE		7,215.00	AJE-5	(7,215.00)		
9010 CONTRIBUION TO RESERVES	13,604.52	17,935.97	AJE-2	(3,876.97)	14,059.00	R-1
9015 INTEREST CONTRIBUTION TO RESERVES	352.77		AJE-2	280.72	280.72	R-1
9020 RESERVE EXPENSE OTHER		18,000.00	AJE-5	(18,000.00)		
9030 SHARED RESERVE	3,600.00	2,100.00	AJE-2	1,500.00	3,600.00	R-1
9100 TRELLIS REPLACEMENT						

Adjusted Trial Balance  
for the period ended December 31, 2018

Account # / Description	Prior Period (Adjusted) 12/31/2017	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workp Refere
(Profit) Loss	27,495.71	(12,791.09)		7,959.03	(4,832.06)	

05/30/2019  
02:46 PMAdjusting Journal Entries  
for the period ended December 31, 2018

Page 1

Account #	Account Name / Description	Debits	Credits
12/31/2018	<u>AJE 1</u>		
3000	RETAINED EARNINGS		41,354.83
3005	OPENING BALANCE EQUITY	100,774.02	
1000	100% RESERVE ACCOUNT	308.94	
1055	SHARED RESERVE	162.04	
1500	SHARED EXPENSES REIMBURSEMENT RECEIVABLE	1,866.12	
1800	A/R OTHER	907.34	
5245	SNOW REMOVAL	47.59	
2100	INCOME TAXES PAYABLE		250.00
3010	SHARED RESERVE		4,385.04
3015	OPERATING RESERVE		19,888.12
3020	REPLACEMENT RESERVE		38,226.56
4160	INTEREST INCOME	38.50	

TO RECORD PY AUDIT ADJUSTMENTS AND TIE EQUITY.

12/31/2018	<u>AJE 2</u>		
9015	INTEREST CONTRIBUTION TO RESERVES	280.72	
9010	CONTRIBUTION TO RESERVES		3,876.97
9030	SHARED RESERVE	1,500.00	
3011	SHARED RESERVE CONTRIBUTION	300.00	
3020	REPLACEMENT RESERVE		6,274.90
3015	OPERATING RESERVE	9,952.84	
3010	SHARED RESERVE		1,881.69

TO RECORD CURRENT YEARS INTEREST CONTRIBUTION.

12/31/2018	<u>AJE 3</u>		
2000	ACCOUNTS PAYABLE		3,048.00
1300	PREPAID INSURANCE	3,048.00	

TO RECLASSIFY 2019 INSURANCE EXPENSE FROM ACCOUNTS PAYABLE.

12/31/2018	<u>AJE 4</u>		
2000	ACCOUNTS PAYABLE		1,178.15
5230	LANDSCAPE MAINTENANCE	655.65	
5255	WATER	14.23	
5260	WATER- DCWASA IMPERVIOUS SURFACE	508.27	

TO RECORD ADDITIONAL ACCOUNTS PAYABLE.

12/31/2018	<u>AJE 5</u>		
9005	CAPITAL IMPROVEMENT- FENCE AND GATE		7,215.00
9000	CAPITAL IMPROVEMENT		4,812.65

05/30/2019  
02:46 PMAdjusting Journal Entries  
for the period ended December 31, 2018

Page 2

Account #	Account Name / Description	Debits	Credits
3015	OPERATING RESERVE		10,000.00
3020	REPLACEMENT RESERVE		7,935.97
3010	SHARED RESERVE		1,800.00
4520	BUDGET RESERVES INCOME	37,735.97	
3020	REPLACEMENT RESERVE	7,215.00	
3010	SHARED RESERVE	4,812.65	
9020	RESERVE EXPENSE OTHER		18,000.00

TO CLOSE CY RESERVE ACTIVITY TO BALANCE SHEET.

12/31/2018 AJE 6

1005	OPERATING	1,812.51	
1010	OPERATING PENDING EFTS		1,030.38
1057	UNDEPOSITED FUNDS		782.13

TO CONSOLIDATE ACCOUNTS.

12/31/2018 AJE 7

2100	INCOME TAXES PAYABLE		187.50
6000	INCOME TAXES	187.50	

TO ADJUST CURRENT YEARS INCOME TAX PAYABLE AND INCOME TAX EXPENSE.

12/31/2018 AJE 8

1200	ASSESSMENTS RECEIVABLE	150.00	
4100	LATE FEE INCOME		150.00

TO RECORD CURRENT YEARS ASSESSMENTS RECEIVABLE.

12/31/2018 AJE 9

1500	SHARED EXPENSES REIMBURSEMENT RECEIVABLE		1,866.12
4170	REIMB FOR SHARED EXP	1,866.12	

TO REVERSE PY SHARED EXPENSE A/R.

12/31/2018 AJE 10

1500	SHARED EXPENSES REIMBURSEMENT RECEIVABLE	3,227.22	
4170	REIMB FOR SHARED EXP		3,227.22

TO RECORD CY SHARED EXPENSE A/R.



Account #	Account Name / Description	Debits	Credits
12/31/2018	AJE 11		
4170	REIMB FOR SHARED EXP	2,406.32	
3010	SHARED RESERVE		2,406.32
TO RECLASSIFY REIMBURSEMENT FOR SHARED RESERVE PROJECT.			
Totals		179,777.55	179,777.55