

FAIRLINGTON VILLAGES, A CONDOMINIUM ASSOCIATION  
GENERAL RESOLUTION NO. GR 04/07/21

**AUDITOR ENGAGEMENT**

WHEREAS, Virginia Code Title 55.1 Section 1956 (B) of the Virginia Condominium Act allows the Board of Directors to exercise power assigned to the “unit owners’ association” by the Act, to the extent permitted by the By-Laws of the Unit Owners Association;

WHEREAS, Article III, Section 2 of the By-Laws assigns the Board of Directors with “all of the powers and duties necessary for the administration of the affairs of the Condominium,” and further states that the Board may do all such acts and things as are not by the Act or by the By-Laws directed to be exercised and done by the Unit Owners Association;

WHEREAS, Article VI, Section 1(d) of the By-Laws requires the Board of Directors to provide all unit owners “an audited accounting of the Common Expenses,” and Article IX, Section 10 grants first mortgagees and note holders secured by first deeds of trust the right “to receive an annual audited financial statement” upon request;

WHEREAS, the Board of Directors finds that it is in the best interest of the financial security of Fairlington Villages, A Condominium, to contract with a certified public accountant to prepare financial annual audits and tax returns.

THEREFORE, BE IT RESOLVED, the Board of Directors authorizes Management to contract with Johnson, Bremer, and Ignacio, CPAs, P.C. to prepare annual audit of the Association’s financial statements and federal and state income tax returns, as set forth in its attached engagement letter, for the following years at the aggregate amounts specified:

For Fiscal Year 2021 — \$14,000 (Tax Returns: \$1,000; Annual Audit: \$13,000)

To be charged to Operating Account #7000 (Audit/Tax Return Preparation)

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
President

Date \_\_\_\_\_

Date \_\_\_\_\_

Moved by \_\_\_\_\_

Second by \_\_\_\_\_

VOTE \_\_\_\_\_

Approved ( ) Disapproved ( )

Submitted by: Management

Roll Call:

Alvord, Melanie \_\_\_\_\_  
Placek, Terry \_\_\_\_\_  
Stollof, Edward \_\_\_\_\_

Brown, Philip \_\_\_\_\_  
Reem, Harold \_\_\_\_\_  
Straub, Lawrence \_\_\_\_\_

Dies, Andrea \_\_\_\_\_  
Auston, Jessica \_\_\_\_\_  
Wasowski, Anne \_\_\_\_\_



# JOHNSON, BREMER & IGNACIO, CPAs, P.C.

Formerly Ahlberg & Company, P.C.

3959 Pender Drive, Suite 112  
Fairfax, VA 22030  
703/934-6650 • FAX 703/934-6654

Mary E. Johnson, CPA  
David G. Bremer, CPA  
Jose S. Ignacio, CPA

email: [cpa@jbicpa.com](mailto:cpa@jbicpa.com)  
website: [www.jbicpa.com](http://www.jbicpa.com)

March 22, 2021

Board of Directors  
Unit Owners Association of Fairlington Villages  
c/o Mr. Grey Roby  
Legum & Norman, Inc.  
3001 S. Abingdon Street  
Arlington, VA 22206

Dear Board Members:

We are pleased to confirm our understanding of the services we are to provide for Unit Owners Association of Fairlington Villages for the year ended September 30, 2021.

We will audit the financial statements of Unit Owners Association of Fairlington Villages, which comprise the balance sheet as of September 30, 2021, and the related statements of revenues and expenses, members' equity and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"). The financial statements may include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board (FASB). Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our 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 (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole [in a separate written report accompanying our auditor's report on the financial statements OR in a report combined with our auditor's report on the financial statements]:

## 1) Schedules of expenses

The objectives of our audit 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 issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. 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 GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether 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.

\_\_\_\_\_  
Initial

\_\_\_\_\_  
Date

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Association and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected owners, customers, creditors, and financial institutions. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

**Other Services**

We will prepare the Association's federal and state income tax returns for the year ended September 30, 2021 based on information provided by you. We will recommend adjustments and we will also assist in preparing the financial statements once the recommended adjustments are posted for Unit Owners Association of Fairlington Villages in conformity with U.S. generally accepted accounting principles based on the information provided by you.

We will perform the services in accordance with applicable professional standards, including the *Statements on Standards for Tax Services* issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

\_\_\_\_\_   
Initial

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Date

**Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Association from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations. You are responsible for the preparation of the required supplementary information about future major repairs and replacements. You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

**Engagement Administration, Fees, and Other**

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

We estimate that our fees for the audit will be \$13,000.00 and \$1,000.00 for the preparation of the tax returns. You will also be billed for bank confirmations, meeting attendance, preparation of personal property tax returns, tax correspondence, etc. Our schedule for these and additional services is attached. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Payment for these services are due within 30 days of the issuance of the draft audit and/or the issuance of the tax return. Should there be a significant change in the operation of the Association, we have the right to adjust the fees or resign. Significant changes would include, but are not limited to, the Association changing management companies, special assessments, obtaining a loan, etc.

\_\_\_\_\_  
Initial

\_\_\_\_\_  
Date

Board of Directors  
Unit Owners Association of Fairlington Villages  
March 22, 2021  
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**Reporting**

We will issue a written report upon completion of our audit of Unit Owners Association of Fairlington Villages’s financial statements. Our report will be addressed to management and board of directors. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter paragraph, other-matter paragraph, or separate section to our auditor’s report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Johnson, Bremer & Ignacio, CPA’s, P.C.

**RESPONSE:**

This letter correctly sets forth the understanding of Unit Owners Association of Fairlington Villages .

ma/1156

\_\_\_\_\_  
Signature, titles signed for the September 30, 2021 audit and taxes

\_\_\_\_\_  
Date signed

**Upon acceptance of this engagement letter, please initial and date each page on the designated lines.**

# JOHNSON, BREMER & IGNACIO, CPAs, P.C.

Formerly Ahlberg & Company, P.C.

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Fairfax, VA 22030  
703/934-6650 • FAX 703/934-6654

Mary E. Johnson, CPA  
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## FEE SCHEDULE

Personal Property Tax Return	\$ 100.00
Attendance at meeting	\$ 200.00 plus travel time at hourly rate
Tax Correspondence	\$ Hourly Rate
Consulting	\$ Hourly Rate
Performing Additional Audit Procedures	The greater of the aggregate fee at the hourly rate or \$275.00

Bank confirmation fees will be billed at actual cost.

## Hourly Rates

Partner and senior management	\$ 200.00/hr
Professional staff	\$ 125.00/hr
Administrative staff	\$ 75.00/hr

## **AUDIT APPROACH**

We approach an audit as a three-party effort between us, the Board of Directors, and the management staff. We audit the financial statements resulting from transactions approved by the Board of Directors, and entered into and accounted for on the Association's behalf by the management staff. We rely extensively on the governing documents of the Association, its budgets, minutes documenting Board actions, etc., records maintained by the management staff and third-party confirmations from banks, and when necessary, from creditors, attorneys, etc.

Our procedures will include but not be limited to the following:

1. Meeting with the staff, and Board representatives if desired, prior to commencement of the audit to ascertain its scope and particularly to become aware of any areas of specific concern. We do this because we realize that there may be areas that might not have a material influence on the fair presentation of the financial statements but nevertheless are of significant concern to the Association.
2. Tests of the documentary evidence supporting the transactions recorded in the accounts.
3. Analysis of the internal control procedures and current accounting practices employed by management.
4. Confirmation, as deemed advisable, of certain assets and liabilities by correspondence with creditors, legal counsel and banks.
5. Comparison of actual operating results to the approved budget and investigation of any material variations.
6. A review of actions taken in relation to Board directives as set forth in the Board minutes.
7. Analysis of delinquent accounts with particular attention to the collection efforts on old delinquent accounts.
8. A review of the guidelines and requirements regarding reserve contributions, insurance coverage, assessments, etc., as set forth in the governing documents.

## OUR FIRM

We believe that some comments about our firm may be helpful in your evaluation.

1. Currently all of our professional staff are CPAs or CPA candidates. The owners and staff, as appropriate, are members of the American Institute of CPAs, the Virginia Society of CPAs, the Greater Washington Society of CPAs and the Maryland Society of CPAs. In addition, the firm is a member of and active in the Community Associations Institute (CAI) serving on National and Chapter committees. Beth Johnson has served as a member of the Board of Directors of The Washington Metropolitan Chapter of Community Association Institute (WMCCAI) and has served as the chapter treasurer. She was appointed by Governor McAuliffe to be a Board member of Virginia's Common Interest Community Board established to regulate property management companies providing services in Virginia. Her term was from 2014-2019, Jose Ignacio is currently a member of the Board of Directors of The Washington Metropolitan Chapter of Community Association Institute (WMCCAI). David Bremer has been a senior staff member of the firm for over 25 years. Firm personnel regularly participate as speakers in CAI sponsored seminars and programs and write articles for the Quorum, the chapter magazine.
2. We have been providing auditing, tax and consulting services to condominium and homeowners associations and cooperatives for many years and in the past few years have provided such services to organizations with operating budgets ranging from \$30,000 to over \$10,000,000. Currently, we provide services to more than 600 of such organizations.
3. Every three years we participate in a quality review program as promulgated by the AICPA and the VSCPA. Our most recent review was in 2015 and we received a pass rating.
4. We maintain professional liability insurance.
5. The selection of the staff to provide the professional services depends on the timing of the audit. You can be assured, however, that the staff members in charge of the audit will have had in-charge experience.