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Communication with Those Charged with Governance

Board of Directors
Unit Owners Association of Fairlington Villages

We have audited the financial statements of Unit Owners Association of Fairlington Villages for the year ended September 30, 2021, 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 letter to you dated March 22, 2021. Professional standards also require that we communicate to you the following information related to our audit.

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 Unit Owners Association of Fairlington Villages are described in the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during FY 2021. 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. The most sensitive estimates affecting the financial statements were:

The Association's estimate of the repair and replacement fund is based on a reserve study conducted in 2019 to estimate the remaining useful lives and the replacement cost of the components of the common property. We have applied certain limited procedures, which consisted principally of reading and summarizing the repair and replacement study. However, we did not audit the information and express no opinion on it.

The Association's determination of assessments receivable is based on an analysis of the collectibility of individual delinquent accounts. We evaluated the key factors and assumptions used to determine the collectibility of the accounts, that it is reasonable in relation to the financial statements taken as a whole.

The Association's estimate of the allowance for doubtful accounts is based on an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Significant accounting policy – Vendor payments

Note 7 – Repair and replacement fund status

Note 10 – Related party transactions

Note 11 – COVID-19 Pandemic

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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.

Supplementary Information Accompanying the Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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.

This information is intended solely for the use of the Board of Directors and management of Unit Owners Association of Fairlington Villages and is not intended to be and should not be used by anyone other than those specified parties.

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

[DATE TO BE INSERTED UPON FINALIZATION]

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Unit Owners Association of Fairlington Villages

Report on the Financial Statements

We have audited the accompanying financial statements of Unit Owners Association of Fairlington Villages, which comprise the balance sheet as of September 30, 2021, and the related statements of revenue and expenses, members' equity and cash flows for the year 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 audit. We conducted our audit 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 Unit Owners Association of Fairlington Villages as of September 30, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses 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. 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future repairs and replacements on page 16 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, who 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.

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
BALANCE SHEET
SEPTEMBER 30, 2021

ASSETS

Cash - operations	\$ 399,238
Cash - money market	431,131
Cash - savings	<u>204,768</u>
Total cash	1,035,137
Certificates of deposit (note 1)	5,090,000
Investments (notes 2 and 3)	1,430,729
Assessments receivable, net (note 4)	37,041
Insurance claims receivable	1,247
Other receivables	40,889
Prepaid expenses	150,868
Prepaid income taxes	4,502
Maintenance building	135,522
Motor vehicle	41,260
Furniture and equipment	44,560
Less accumulated depreciation	<u>(221,342)</u>
 TOTAL ASSETS	 <u>\$ 7,790,413</u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES:

Accounts payable	\$ 463,730
Accrued payroll expense (note 5)	70,936
Income taxes payable	6,293
Prepaid assessments	202,889
Unclaimed property	2,867
Security deposits	<u>6,650</u>
Total liabilities	<u>753,365</u>

MEMBERS' EQUITY:

Repair and replacement fund (note 7)	6,291,840
Unappropriated members' equity	<u>745,208</u>
Total members' equity	<u>7,037,048</u>

TOTAL LIABILITIES AND MEMBERS' EQUITY	 <u>\$ 7,790,413</u>
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See accompanying notes and independent auditor's report

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED
SEPTEMBER 30, 2021

REVENUE:

Gross assessments	\$ 7,848,492
Less repair and replacement fund assessments	(3,078,977)
Operating assessments	4,769,515
Fairlington Court Homeowners Association	11,220
Disclosure packages	35,322
Parking decals and ID cards	2,784
Rental revenue	16,470
Late fees	11,575
Legal fees reimbursement	4,757
Grant revenue (note 9)	3,500
Miscellaneous	5,821
Cable income	886
Interest	79,937
Less interest transferred to repair and replacement fund, net of taxes	(36,443)
Unrealized gain on investments	7,564
Total operating revenue	<u>4,912,908</u>

EXPENSES:

Administrative	694,373
Payroll	1,008,588
Utilities	1,033,749
Contracted services	1,112,508
Repair and maintenance	696,839
Professional services	354,011
Income taxes	17,510
Depreciation	4,408
Total expenses	<u>4,921,986</u>

(DEFICIENCY) OF REVENUE OVER EXPENSES \$ (9,078)

See accompanying notes and independent auditor's report

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED
SEPTEMBER 30, 2021

	<u>Repair and Replacement Fund</u>	<u>Unappro- priated Members' Equity</u>
Balance at September 30, 2020	\$ 5,735,722	\$ 754,286
Additions:		
Repair and replacement fund assessments	3,078,977	
Interest transferred to repair and replacement fund, net of taxes	36,443	
Deductions:		
Repair and replacement fund expenditures	(2,559,302)	
(Deficiency) of revenue over expenses		(9,078)
Balance at September 30, 2021	<u>\$ 6,291,840</u>	<u>\$ 745,208</u>

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 FOR PRELIMINARY REVIEW ONLY

See accompanying notes and independent auditor's report

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
SEPTEMBER 30, 2021

Cash flows from operating activities:

(Deficiency) of revenue over expenses	\$ (9,078)
Adjustments needed to reconcile (deficiency) of revenue over expenses to net cash provided by operating activities:	
Repair and replacement fund assessments	3,078,977
Interest transferred to repair and replacement fund, net of taxes	36,443
Repair and replacement fund expenditures	(2,559,302)
Depreciation	4,408
(Decrease) in investment discount, net	(33,699)
(Increase) in accounts receivable	(4,828)
Decrease in prepaid expenses	84,734
Increase in accounts payable	101,896
(Decrease) in deferred cable income	(886)
Increase in prepaid assessments	636
Increase in security deposits	3,599
Net cash provided by operating activities	<u>702,900</u>
Cash flows from investing activities:	
Purchase certificates of deposit	(2,884,029)
Redemption of certificates of deposit	1,159,029
Purchase of investments	(1,215,130)
Redemption of investments	657,565
Net cash (used for) investing activities	<u>(2,282,565)</u>
Net (decrease) in cash	(1,579,665)
Cash at beginning of year	<u>2,614,802</u>
Cash at end of year	<u>\$ 1,035,137</u>
Interest expense paid in cash during year	<u>\$ -</u>
Income taxes paid in cash during year	<u>\$ 11,560</u>

See accompanying notes and independent auditor's report

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

ORGANIZATION:

Unit Owners Association of Fairlington Villages is organized under the laws of the Commonwealth of Virginia. It is located in Arlington County and consists of 1,703 units. The Association administers the Association operations.

DATE OF MANAGEMENT REVIEW:

In preparing the financial statements, the Association evaluated events and transactions for potential recognition or disclosure through [DATE TO BE INSERTED UPON FINALIZATION], the date the financial statements were available to be issued.

SIGNIFICANT ACCOUNTING POLICIES:

Method of Presentation - The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Investments - Investments consist of a mutual fund in which fair value approximates cost and accumulated interest. Investments in marketable securities with readily determinable fair values are reported at their fair values on the balance sheet. Realized gains and losses are reflected on the statement of revenue and expenses. Unrealized gains and losses are reflected on the statement of revenue and expenses.

Property and Equipment - Fixed assets are carried at cost. Depreciation is computed on a straight-line basis over the estimated useful lives ranging from three to twenty years.

Repair and Replacement Fund - The Association's governing documents provide that the Board of Directors establish a repair and replacement fund to be expended only for the purpose of repair and replacement of common elements and equipment of the Association. The amount to be contributed is to be determined annually by the Board of Directors but shall not be less than 5% of the assessments. Accumulated funds are held in certificates of deposit, treasury securities and money market accounts.

The Board of Directors commissioned a study in 2019 of the repair and replacement fund. The study was done by an engineering firm. The table included in the unaudited supplementary information on future major repairs and replacements is based on this data. Actual future expenditures may vary from these estimates and the variations may be material. Therefore, amounts accumulated in the repair and replacement fund 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 may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

(Continued)

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

SIGNIFICANT ACCOUNTING POLICIES:

Income Taxes - In the year ended September 30, 2021, the Association filed its corporate income tax returns recognizing the applicability of Code Section 277 which provides for the segregation of its operations according to membership and non-membership activities without the right of offset. Revenue Ruling 70-604 allows an excess of membership revenue over related expenses, if any, to be considered excess assessments and, by the resolution of the Board of Directors, may be refunded to the owners, or applied against the following year assessments.

The Association's policy is to record interest expense or penalties related to income tax in operating expenses. For the year ended September 30, 2021, no interest or penalties were paid or accrued.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of September 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Assessments - Association members are subject to monthly 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 operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when funds are assessed in accordance with the governing documents. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from owners. The Association's policy is to retain legal counsel to pursue collections from owners that are delinquent in paying their assessments. Any excess assessments at year-end are retained by the Association for use in the succeeding year. At September 30, 2021, the Association had delinquent assessments of \$37,041, net of allowance. It is the opinion of the Board of Directors that the Association will ultimately prevail against homeowners with delinquent assessments net of allowance for doubtful accounts.

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UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

SIGNIFICANT ACCOUNTING POLICIES:

Assessments: (Continued)

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable, net of allowance for doubtful accounts, as of the beginning and end of the year are \$34,811 and \$37,041, respectively.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Flows - For purposes of the statement of cash flows, all checking and money market accounts for operating purposes are considered to be cash. Highly liquid debt securities held as true investments or for repair and replacement fund purposes are considered investments.

Vendor Payments - The Association uses AvidPay-Strongroom to process most vendor payments. AvidPay-Strongroom is the provider of bill payment services for Associa, the parent company of Legum and Norman. As part of the bill paying process, funds for most individual vendor invoices are electronically transferred from the Association bank account and deposited to an AvidPay bank account held in the name of Old North State Trust, LLC with KeyBank. The vendor invoices are then subsequently paid from the Old North Trust, LLC bank account held at KeyBank on behalf of the Association. Although disbursements recorded by the Association are shown as payments directly to vendors on the general ledger, the payments are actually electronic transfers to an AvidPay bank account held in the name of Old North State Trust, LLC with KeyBank as described above. As a result of this process, the check numbers shown on the general ledger are not the same as the check numbers on the checks received by the vendors.

AvidPay uses one bank account at KeyBank to receive electronic transfers and process payments for all of the associations managed by Associa. In August of 2018, the trust agreement was amended to more clearly identify individual Association's ownership of funds held in the trust, to assure compliance with requirements FDIC fiduciary accounts, and change the bank administering the funds to KeyBank.

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UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 1 - CERTIFICATES OF DEPOSIT:

The account is comprised of certificates of deposit with balances as follows, as of year-end:

<u>Account Type</u>	<u>Year of Maturity</u>	<u>Amount</u>
CDs	2021	\$ 450,000
CDs	2022	940,000
CDs	2023	1,050,000
CDs	2024	700,000
CD	2025	550,000
CD	2026	800,000
CD	2027	200,000
CD	2028	300,000
CD	2029	100,000
Total certificates of deposit		<u>\$5,090,000</u>

NOTE 2 - INVESTMENTS:

The accounts are comprised of investments with balances as follows, as of year-end:

<u>Account Type</u>	<u>Year of Maturity</u>	<u>Amount</u>
U.S. Treasury Bond Strip	2021	\$ 200,000
U.S. Treasury Bond Strip	2024	400,000
U.S. Treasury note	2025	300,000
U.S. Treasury Bond Strip	2025	250,000
U.S. Treasury note	2027	100,000
U.S. Treasury Bond Strip	2029	150,000
Investment premium		3,608
Unrealized gain on investments		<u>27,121</u>
Total investments		<u>\$1,430,729</u>

NOTE 3 - FAIR VALUE MEASUREMENTS:

Current accounting standards establish a 3-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The levels of the hierarchy are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities traded in active markets;

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UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 3 - FAIR VALUE MEASUREMENTS: (Continued)

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs;

Level 3 - Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

The Association determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, The Association uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The Association has evaluated the various types of investment funds in its investment portfolio to determine an appropriate fair value hierarchy level based on trading activity and the observability of market inputs. Level 1 investments include those traded on an active exchange, such as the New York Stock Exchange.

The following table presents the balances of assets measured at fair value on a recurring basis as of September 30, 2021 by level within the fair value hierarchy:

<u>Account Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury	\$1,430,729	\$ -	\$ -	\$1,430,729
Total investments	<u>\$1,430,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,430,729</u>

NOTE 4 - ASSESSMENTS RECEIVABLE, NET:

The Association established an allowance for doubtful accounts to more reasonably estimate the value of assessments receivable, at year-end.

Assessments receivable	\$ 100,388
Less allowance for doubtful accounts	<u>(63,347)</u>
Assessments receivable, net	<u>\$ 37,041</u>

(Continued)

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 5 - ACCRUED PAYROLL EXPENSE:

The composition of accrued payroll expense is shown in the following computation, at year-end:

Accrued vacation and sick leave payable	\$ 41,938
Accrued pension payable	<u>28,998</u>
Total accrued payroll expense	<u>\$ 70,936</u>

NOTE 6 - DEFERRED CABLE INCOME:

In 2009, the Association entered into a 12-year agreement with Comcast Cablevision of DC, LLC (Comcast). This agreement allows Comcast to install, maintain and operate broadband communication within the Association. The Association received \$42,575 in 2009 for the entire 12-year period.

NOTE 7 - REPAIR AND REPLACEMENT FUND STATUS:

The cash, certificates of deposit and investments available for the fund, after providing for liabilities, at year-end, are:

Cash	\$1,035,137
Certificates of deposit	5,090,000
Investments	<u>1,430,729</u>
Total cash, certificates of deposit and investments	7,555,866
Less liabilities	<u>(753,365)</u>
Cash, certificates of deposit and investments available for repair and replacement fund	6,802,501
Less repair and replacement fund	<u>(6,291,840)</u>
Excess	<u>\$ 510,661</u>

This analysis is a measurement of liquidity and not an indication of the adequacy of the fund for its intended purposes. The repair and replacement fund is fully supported by cash, certificates of deposit and investments as of September 30, 2021.

(Continued)

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 8 - RETIREMENT PLAN:

In fiscal year 2009, all employees became corporate employees of the management company, Legum & Norman, Inc.; and they became eligible for their 401(k) plan after three months employment. Effective January 2012, all employees reverted back to become direct employees of the Association and eligible to contribute to a Simplified Employee Plan (SEP) in accordance with the employee manual. Each year, the Board of Directors determines the amount of the employer's voluntary contribution to the employees' pension plan. The retirement plan contribution expense for the year ended September 30, 2021 is \$25,444.

NOTE 9 - GRANT REVENUE:

In 2020, the Association applied for and received a grant from Fairfax County, Virginia as part of the Virginia Conservation Assistance Program. The Association agreed to accept the monetary donation from the County of \$3,500 for conservation landscaping. The Association was eligible for reimbursement of 75% of the total expenses, up to \$3,500, for the conservation landscaping related to a meadow, mulched bed and/or tree planting completed in April 2020. The Association is required to maintain the area for ten years through 2030. The Association's total grant expenses were \$7,081.

In 2019, the Association applied for and received a grant from Arlington County, Virginia as part of the Stormwater Wise Landscapes Program. The Association agreed to accept the monetary donation from the County of \$3,000 to build a rain garden. The Association was eligible for reimbursement of 50% of the total expenses, up to \$3,000, for the installation of the rain garden in September 2018. The Association is required to maintain the rain garden according to the maintenance schedule for five years through 2024. The Association's total grant expenses were \$6,710.

In 2016, the Association applied for and received a grant from Arlington County, Virginia as part of the Stormwater Wise Landscapes Program. The Association agreed to accept the monetary donation from the County of \$3,000 to build a rain garden. The Association was eligible for reimbursement of 50% of the total expenses, up to \$3,000, for the installation of the rain garden before October 31, 2016. The Association is required to maintain the rain garden according to the maintenance schedule for five years through 2021. The Association's total grant expenses were \$6,710.

NOTE 10 - RELATED PARTY TRANSACTIONS:

The Association used Associa OnCall - AMT for miscellaneous repairs and maintenance work. In 2021, the Association paid \$2,575, to Associa OnCall - AMT.

(Continued)

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Continued)

NOTE 11 - COVID-19 PANDEMIC:

The COVID-19 pandemic continued throughout fiscal year 2021, with a significant number of new infections continuing much of the year. Measures taken by various governments to contain the virus continued to affect economic activity. The Association continued several measures to monitor and mitigate the effects of COVID-19 on its operations.

Safety and health measures to be followed by for onsite staff, including mandatory vaccination for all employees, were established to maintain appropriate levels of social distancing and mask wearing. Requirements for working from home remained liberal.

The recreational facilities, including the community center and swimming pools, were reopened in fiscal year 2021 under conditions that limited the number of people in the facility at one at time and also required mask wearing and social distancing pursuant to government existing requirements at any given time.

Temporary provisions allowing owners to request deferral of assessments under certain COVID-19 related circumstances continued in fiscal year 2021. No owners requested that the Assessment Hardship payment plan be implemented during the year.

NOTE 12 - SUBSEQUENT EVENT:

The Association began negotiating a new cable contract, as the prior agreement ended during the next fiscal year. The agreement is expected to be a 10-year agreement allowing the provider to install, maintain and operate broadband communication within the Association. The agreement and the related compensation to the Association have not been finalized.

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED
SEPTEMBER 30, 2021

Administrative:

Miscellaneous office expenses	\$ 23,854
Bad debt	(410)
Minutes	3,500
Office equipment	30,290
Office supplies	8,756
Parking decal stickers	7,531
Activities	4,457
Printing and copying	10,900
Postage	15,238
Newsletter	23,944
Insurance	455,714
Non-insurance loss	110,599
Total administrative	<u>694,373</u>

Payroll:

Payroll administration	27,021
Administrative staff	141,324
Maintenance payroll	410,884
Management staff	242,033
Payroll accrued vacation	(954)
Group health insurance	89,654
Payroll taxes	57,133
Unemployment taxes	1,927
Retirement fund expense	25,444
Workers' compensation	14,122
Total payroll	<u>1,008,588</u>

Utilities:

Telephone	15,622
Water and sewer	940,030
Electricity	78,097
Total utilities	<u>1,033,749</u>

(Continued)

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED

SEPTEMBER 30, 2021

(Continued)

Contracted services:

Trash removal	\$ 321,950
Landscape maintenance	411,384
Uniforms	6,604
Janitorial services	127,608
Pest control	14,768
Pool management	140,891
Patrol service	56,591
Snow removal	32,712
Total contracted services	<u>1,112,508</u>

Repair and maintenance:

Grounds non-contract	48,011
Grounds improvement	89,703
Contractor planting	10,259
Trees	95,559
Building repairs	49,366
Community center	107
Fire safety equipment	3,955
Carpet cleaning	14,045
General supplies	20,035
Gutters and downspouts	3,248
Lighting	23,696
Maintenance supplies	6,935
Painting - exterior	112,683
Plumbing repairs	62,082
Pools	44,218
Roofs	55,114
Snow removal supplies	17,451
Tennis courts	81
Vehicle expenses	37,754
Painting - miscellaneous	2,537
Total repair and maintenance	<u>696,839</u>

(Continued)

UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED
SEPTEMBER 30, 2021
(Continued)

Professional services:	
Audit/tax return preparation	\$ 12,750
Legal services	24,647
Management fees	<u>316,614</u>
Total professional services	<u>354,011</u>
Income taxes	<u>17,510</u>
Depreciation	<u>4,408</u>
TOTAL EXPENSES	<u>\$ 4,921,986</u>

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UNIT OWNERS ASSOCIATION OF FAIRLINGTON VILLAGES
SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
SEPTEMBER 30, 2021
 (Unaudited)

The Board of Directors commissioned a study of its repair and replacement fund in 2019 to evaluate its estimate of the useful lives and replacement costs of the components of the fund. The following table is based on the study and presents significant information about the components of the fund.

<u>Components</u>	<u>Estimated Useful Lives (Yrs)</u>	<u>Estimated Future Replacement Costs</u>
Pavements	0-20	\$ 967,810
Concrete site elements	1-2	37,500
Tennis courts and swimming pools	0-30	2,276,020
Other site features	1-40	1,275,525
Building exteriors and interiors	0-75	20,762,500
Building systems	0-50	<u>1,010,250</u>
Total		<u>\$26,329,605</u>
Repair and replacement fund balance at September 30, 2021		<u>\$ 6,291,840</u>