



Principals

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1801 Robert Fulton Drive, Suite 200
Reston, VA 20191

Managers

Allison A. Day, CPA
Jeremy W. Powell, CPA
Renee L. Watson, 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.

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.

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 SAS No. 114 – Under Statement of Auditing Standards (SAS) No. 114, 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. This letter will be included for all audits with periods ending on or after December 31, 2007.

Communication of Significant Deficiencies and/or Material Weaknesses under SAS No. 115 (formerly SAS No. 112) – Under Statement of Auditing Standards (SAS) No. 115, 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.

Adjusted Trial Balance and Adjusting Journal Entries – These are the proposed audit adjustments for the period under audit.

Goldklang Group[®]

CPAs, P.C.

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December 7, 2012

Board of Directors
Kings Park West Community Association
Fairfax, Virginia

Dear Board Members:

Enclosed, please find the draft audit for Kings Park West Community Association for the years ended May 31, 2012 and 2011.

- Please date and sign the enclosed representation letter. The letter needs to 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 letter and most recent financial statements to our Virginia office within 60 days from the date of this letter.** This information can be mailed, faxed or emailed to our Virginia office. Our email address is cpas@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.



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Independent Auditor's Report

Board of Directors

Kings Park West Community Association
Fairfax, Virginia

We have audited the accompanying Balance Sheets of Kings Park West Community Association as of May 31, 2012 and 2011, and the related Statements of Income, Members' Equity and Cash Flows for the fiscal years then ended. These financial statements are the responsibility of the Association. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Association, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kings Park West Community Association as of May 31, 2012 and 2011, and the results of its operations and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 9 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.

KINGS PARK WEST COMMUNITY ASSOCIATION
BALANCE SHEETS
MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 10,523	\$ 1,127
Interest-Bearing Deposits	23,965	33,663
Accrued Interest	22	-
Prepaid Expenses	<u>742</u>	<u>759</u>
Total Assets	<u>\$ 35,252</u>	<u>\$ 35,549</u>

<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Accounts Payable	\$ 1,000	\$ -
Prepaid Assessments	537	<u>266</u>
Total Liabilities	<u>\$ 1,537</u>	<u>\$ 266</u>
Replacement Reserves	\$ 13,534	\$ 12,407
Unappropriated Members' Equity	<u>20,181</u>	<u>22,876</u>
Total Members' Equity	<u>\$ 33,715</u>	<u>\$ 35,283</u>
Total Liabilities and Members' Equity	<u>\$ 35,252</u>	<u>\$ 35,549</u>

See Accompanying Notes to Financial Statements

KINGS PARK WEST COMMUNITY ASSOCIATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>INCOME:</u>		
Assessments	\$ 23,200	\$ 14,500
Interest	128	480
Resale Packets	1,475	2,850
Late and Legal	357	222
Total Income	<u>\$ 25,160</u>	<u>\$ 18,052</u>
<u>EXPENSES:</u>		
Management	\$ 7,200	\$ 7,200
Legal, Audit and Tax Preparation	2,877	3,105
Insurance	4,707	4,600
Resale Packets	2,150	2,400
Office, Printing and Postage	1,057	1,035
Administrative	337	371
Tree Service	8,400	8,055
Total Expenses	<u>\$ 26,728</u>	<u>\$ 26,766</u>
Net Income (Loss) before Contribution to Reserves	\$ (1,568)	\$ (8,714)
Contribution to Reserves	<u>(1,127)</u>	<u>(1,981)</u>
Net Income (Loss)	<u><u>\$ (2,695)</u></u>	<u><u>\$ (10,695)</u></u>

See Accompanying Notes to Financial Statements

KINGS PARK WEST COMMUNITY ASSOCIATION
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED MAY 31, 2012 AND 2011

	<u>Replacement Reserves</u>	<u>Unappropriated Members' Equity</u>	<u>Total Members' Equity</u>
Balance as of May 31, 2010	\$ 33,875	\$ 10,872	\$ 44,747
Additions:			
Contribution to Reserves	1,981		1,981
Civic Association Contribution	1,056		1,056
Inter-Equity Transfer	(22,699)	22,699	
Deductions:			
Entrance Wall	(1,806)		(1,806)
Net Loss		(10,695)	(10,695)
Balance as of May 31, 2011	\$ 12,407	\$ 22,876	\$ 35,283
Addition:			
Contribution to Reserves	1,127		1,127
Deduction:			
Net Loss		(2,695)	(2,695)
Balance as of May 31, 2012	<u>\$ 13,534</u>	<u>\$ 20,181</u>	<u>\$ 33,715</u>

KINGS PARK WEST COMMUNITY ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income (Loss)	\$ (2,695)	\$ (10,695)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Decrease (Increase) in:		
Assessments Receivable	-	2,649
Accrued Interest	(22)	-
Prepaid Expenses	17	(11)
Increase (Decrease) in:		
Accounts Payable	1,000	-
Prepaid Assessments	271	(362)
Net Cash Flows from Operating Activities	<u>\$ (1,429)</u>	<u>\$ (8,419)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Received from Assessments (Reserves)	\$ 1,000	\$ 1,500
Received from Interest (Reserves)	127	481
Received from Civic Association (Reserves)	-	1,056
Disbursed for Reserve Expenses	-	(1,806)
Received from Interest-Bearing Deposits	10,790	5,384
Disbursed for Interest-Bearing Deposits	(1,092)	(1,980)
Net Cash Flows from Investing Activities	<u>\$ 10,825</u>	<u>\$ 4,635</u>
Net Change in Cash and Cash Equivalents	\$ 9,396	\$ (3,784)
Cash and Cash Equivalents at Beginning of Year	<u>1,127</u>	<u>4,911</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 10,523</u></u>	<u><u>\$ 1,127</u></u>

See Accompanying Notes to Financial Statements

KINGS PARK WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2012 AND 2011

NOTE 1 - NATURE OF OPERATIONS:

The Association is organized under the laws of the Commonwealth of Virginia for the purposes of maintaining and preserving the common property of the community. The Association is located in Fairfax, Virginia and consists of 580 homes. The Association administers the operations of the community.

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 an assessment 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 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 to account 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, 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 investments and interest-bearing deposits 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.

KINGS PARK WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2012 AND 2011
(CONTINUED)

NOTE 3 - REPLACEMENT RESERVES: (CONTINUED)

The Board of Directors conducted a replacement reserve study in 2010. 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 \$1,000 and an interest contribution of \$83 for fiscal year 2012. For fiscal year 2012, the Association budgeted to contribute \$1,000 and interest income of \$127 to reserves.

Funds are being accumulated in replacement reserves based on estimates by management. 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 May 31, 2012 and 2011, the Association had designated \$13,534 and \$12,407, respectively, for replacement reserves. These designated reserves were funded by cash and interest-bearing deposits as of May 31, 2012 and 2011.

NOTE 4 - INCOME TAXES:

For income tax purposes, the Association may elect annually to file either as an exempt association or as an association taxable as a corporation. As an exempt 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 fiscal years 2012 and 2011, the income taxes were calculated using the exempt method, which resulted in no income tax liabilities.

The Association's policy is to recognize any tax penalties and interest as an expense when incurred. For the fiscal years ended May 31, 2012 and 2011, the Association did not incur any penalties and interest related to income taxes. The Association's federal and state tax returns for the past three years remain subject to examination by the Internal Revenue Service and the Commonwealth of Virginia.

KINGS PARK WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2012 AND 2011
(CONTINUED)

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of May 31, 2012, the Association maintained its funds in the following manner:

<u>Institution</u>	<u>Type Account</u>	<u>Cash and Cash Equivalents</u>	<u>Interest- Bearing Deposits</u>	<u>Total</u>
BB&T	Checking	\$ 2,014	\$ -	\$ 2,014
BB&T	Savings	8,509		8,509
BB&T	Certificates of Deposit (3)		<u>23,965</u>	<u>23,965</u>
	Totals	<u>\$ 10,523</u>	<u>\$ 23,965</u>	<u>\$ 34,488</u>

NOTE 6 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has 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.

KINGS PARK WEST COMMUNITY ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS

MAY 31, 2012
(UNAUDITED)

The Board of Directors conducted a replacement reserve study in 2010 to estimate the remaining useful lives and the replacement costs of the components of common 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 take into account the effects of inflation between the date of the study and the date the components will require repair or replacement.

The following has been extracted from the Association's reserve study and presents significant information about the components of common property.

<u>Component</u>	<u>2010 Estimated Remaining Useful Life (Years)</u>	<u>2010 Estimated Replacement Cost</u>
Asphalt/Concrete Walks	0-10	\$ 26,408
Entrance Walls/Sign	5	No Dollar Amount (See Study)

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.

Kings Park West Community Association

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

Dear Auditors:

We are providing this letter in connection with your audits of the financial statements of **Kings Park West Community Association** as of **May 31, 2012 and 2011**, and for the years then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, and results of operations and cash flows, in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material 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:

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.
2. We have made available to you all -
 - A) Financial records and related data.
 - B) Minutes of meetings of the Board of Directors.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in accounting records underlying the financial statements.
5. We are in agreement with the adjusting journal entries you have recommended, and they have been posted to the Association's accounts, if appropriate.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

7. We have no knowledge of any fraud or suspected fraud affecting the Association involving:
 - A) management,
 - B) employees who have significant roles in internal control, or
 - C) others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, owners, regulators, or others.
9. The Association has no undisclosed plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
10. The following have been properly recorded or disclosed in the financial statements -
 - A) Related party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangement, and guarantees.
 - B) Guarantees, whether written or oral, under which the Association is contingently liable.
 - C) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB Accounting Standards Codification 275, *Risks and Uncertainties*.
11. Except as made known to you, there are no:
 - A) violations or possible violations of laws or regulations whose effect should be considered for disclosure in the financial statements or as a basis for recording as a loss contingency.
 - B) Inter-equity transfers that were not properly authorized and approved, or that have not been properly reflected in the financial statements or disclosed to you.
 - C) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Accounting Standards Codification 450, *Contingencies*.
 - D) 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 FASB Accounting Standards Codification 450, *Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
12. 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, except as made known to you and disclosed in the notes to the financial statements.
13. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
14. We acknowledge our responsibilities for presenting the required supplementary information (RSI). 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 2010. 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 have reviewed the transactions affecting replacement reserves (including inter-equity transfers). We are in agreement with them and they are properly authorized and approved.
15. 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."

16. 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 realizable value.
17. 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 October 31, 2012 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:

Kings Park West Community Association
May 31, 2012 and 2011

Management Representative:

Signature

Printed Name

Date

President/Treasurer:

Signature

Printed Name

Date

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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.

December 7, 2012

Board of Directors
Kings Park West Community Association
Fairfax, Virginia

Dear Board Members:

We have audited the financial statements of Kings Park West Community Association for the fiscal year ended May 31, 2012. During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. As a result, we make the following comments and recommendations.

Financial Analysis for 2012

As of May 31, 2012 the Association had a surplus of \$20,181 in unappropriated members' equity (excess operating funds). This represents approximately 87% of annual assessments. We recommend the Association only maintain excess operating funds at a level of 10% to 20% of annual assessments. Any funds in excess of 20% may be transferred to replacement reserves.

We commend the Association for collecting all assessments due as of May 31, 2012.

The designated replacement reserves of \$13,534 were funded by cash and interest-bearing deposits as of May 31, 2012.

Small Prepaid Assessment Balances

As of May 31, 2012, several owner accounts had balances less than one dollar for prepaid accounts. We recommend these amounts be reviewed and, if appropriate, written off or if prepaid balances, turned over to the State as unclaimed property. Maintaining accounts with such small balances can create administrative and bookkeeping problems.

Board Controlled Certificates of Deposit

The Association maintains two certificates of deposits in the amount of \$10,529, which are controlled by the Board of Directors. No activity for this account was recorded on the Association's internal financial statements during fiscal year 2012, because the management was not provided with copies of the periodical remittances. We recommend the Association provide the management agent with copies of bank statements on a regular basis so the activity may be included in the monthly financial statements. This procedure will present a more accurate financial position of the Association.

Bank Balance Difference

During the audit, we noticed a bank account balance difference between the bank reconciliation and the general ledger in the amount of \$175. This amount was recorded as deposit on the general ledger as of May 31, 2012 as it was deposited during June 2012. We recommend the Association review the balance of bank reconciliations and financial statements. Bank reconciliations should show the bank balance less any outstanding checks plus any deposits in transit to tie back to the general ledger. Differences should be investigated and recorded in the general ledger until resolved. This procedure is an important internal control to track outstanding items and available cash.

General Leger and Financial Statements

During 2012, the general ledger provided for the audit was printed in an alphabetical order of accounts. The general ledger should be printed in a balance sheet and income statement order. Also, we recommend the Association produce internal financial statements to show the actual to budget comparisons. This information is critical in making good sound financial decisions.

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.

Federal Deposit Insurance Corporation (FDIC)

On July 21, 2010, the FDIC insurance limit of \$250,000 per financial institution was extended permanently. Also, effective December 31, 2010 and through December 31, 2012, all non-interest bearing transaction accounts (checking accounts) will have unlimited FDIC insurance. At times throughout the year, the Association's account balances which are not subject to the unlimited FDIC coverage may exceed this limit. We recommend the Association monitor its accounts and immediately transfer funds in excess of the FDIC limit to other institutions or Treasury instruments so all Association funds will be insured. The Association should also periodically check the ratings for all financial institutions used by the Association.

Income Taxes

For fiscal year 2012, we recommend the Association file using the exempt method, which results in no tax liability.

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.

Draft

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Communication with Those Charged with Governance under SAS No. 114

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.

December 7, 2012

Board of Directors
Kings Park West Community Association
Fairfax, Virginia

Dear Board Members:

We have audited the financial statements of Kings Park West Community Association as of May 31, 2012 and for the year then ended and have issued our report thereon. Professional standards require that we provide you with 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 accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Supplementary Information Other Than Financial Statements

Our responsibility for the supplementary information required by the Financial Accounting Standards Board is to apply certain limited procedures to the information about the Association's methods of preparing the information; however, we will not express an opinion or any assurance on the information.

When we have been engaged to report on supplementary information in relation to the financial statements as a whole, our responsibility, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and through discussions with management or the board of directors.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

The Association is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. 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 the Association and are based on the Association'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.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with the Association or management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The adjusting journal entries have been provided to the Association. The journal entries are material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 and Board of Directors Representations

We have requested certain representations from management and the board of directors that are included in the 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 the board of directors and management each year. 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 the Association about their methods of preparing the information; comparing the information for consistency with the Association’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 and the board of directors, 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[®]

CPAs, P.C.

Principals

Howard A. Goldklang, CPA, MBA
Donald E. Harris, CPA
Anne M. Sheehan, CPA
S. Gail Moore, CPA

1801 Robert Fulton Drive, Suite 200
Reston, VA 20191

Managers

Allison A. Day, CPA
Jeremy W. Powell, CPA
Renee L. Watson, CPA

Communication of Significant Deficiencies and/or Material Weaknesses under SAS No. 115

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.

December 7, 2012

Board of Directors
Kings Park West Community Association
Fairfax, Virginia

Dear Board Members:

In planning and performing our audit of the financial statements of Kings Park West Community Association as of May 31, 2012 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 our auditing procedures 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 significant deficiencies or material weaknesses and therefore can be no assurance that all such deficiencies have been identified. However, as discussed below, we noted certain deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

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 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 internal control to be material weaknesses:

Modified Cash Basis of Accounting Used

The Association's accounting records are maintained on a modified cash basis of accounting throughout the year. We have proposed several material adjustments, including recording the approved fiscal year 2011 audit adjustments, to present the financial statements on the accrual basis of accounting.

Very truly yours,

GOLDKLANG GROUP CPAs, P.C.

Draft

12/05/2012

07:22 AM

Adjusted Trial Balance
for the period ended May 31, 2012

Reviewed by_____

Page 1

Account # / Description	Prior Period (Adjusted) 05/31/2011	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
10102 CHECKING	1,127.36	2,014.01			2,014.01	B-1
10200 SAVINGS #159236986		8,508.64			8,508.64	B-2
10201 CD #852323159	12,406.80					
10301 CD #852322330	5,394.89					
10302 CD #852322349	5,394.89					
10304 CD #852324317	5,233.18	5,233.18	AJE-7	31.43	5,264.61	B-2
10305 CD #852324325	5,233.18	5,233.18	AJE-7	31.43	5,264.61	B-2
10306 CD #8470000875673		13,434.77			13,434.77	B-2
12200 ACCRUED INTEREST			AJE-7	22.00	22.00	Y-2
14200 PREPAID EXPENSES	759.00		AJE-1 AJE-3	759.00 (17.00)	742.00	G-1
20100 ACCOUNTS PAYABLE			AJE-6	(1,000.00)	(1,000.00)	N-1
20700 PREPAID ASSESSMENTS	(265.84)		AJE-1 AJE-2	(265.84) (270.76)	(536.60)	E-1
30500 MEMBERS' EQUITY	(33,569.89)	(35,762.26)	AJE-1	12,885.60	(22,876.66)	***
38000 REPLACEMENT RESERVE	(12,406.80)		AJE-1 AJE-1 AJE-4	(12,406.80) (1,000.00) (127.58)	(13,534.38)	R-1
(Profit) Loss	10,693.23	1,338.48		1,358.52	2,697.00	
	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	

12/05/2012

07:22 AM

Adjusted Trial Balance
for the period ended May 31, 2012

Reviewed by_____

Page 2

Account # / Description	Prior Period (Adjusted) 05/31/2011	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
41000 ASSESSMENTS	(14,500.00)	(23,514.63)	AJE-2	314.63	(23,200.00)	Y-1
41500 LATE FEES	(302.09)	(99.29)	AJE-2	(43.87)	(143.16)	
42000 Legal Fees	80.30	262.69	AJE-5	(477.00)	(214.31)	
43000 INTEREST	(480.07)	(70.76)	AJE-1 AJE-7	28.04 (84.86)	(127.58)	Y-2
45000 HOA PACKET INCOME	(2,849.57)	(1,474.91)			(1,474.91)	Y-3
60000 MANAGEMENT	7,200.00	7,200.00			7,200.00	X-1
61000 LEGAL	805.00		AJE-5 AJE-6	477.00 150.00	627.00	X-1
61100 AUDIT AND TAX RETURN	2,300.00	2,250.00			2,250.00	X-1
61200 INSURANCE	4,600.44	4,690.34	AJE-3	17.00	4,707.34	G-1
61400 BANK CHARGES	57.40	53.20			53.20	
61650 POSTAGE	256.62	448.07			448.07	
61675 PRINTING	685.04	513.25			513.25	
61676 HOA PACKET EXPENSES	2,400.00	2,150.00			2,150.00	Y-3
61680 SUPPLIES	148.09	120.00			120.00	
61685 LICENSES & FEES	165.00	165.00			165.00	
61700 ADMINISTRATIVE	92.00	95.52			95.52	
62000 TREE SERVICE	8,055.00	7,550.00	AJE-6	850.00	8,400.00	X-1
68000 REPLACEMENT RESERVE	1,500.00	1,000.00			1,000.00	R-1
68100 INTEREST CONTRIBUTION	480.07		AJE-4	127.58	127.58	R-1
(Profit) Loss	10,693.23	1,338.48		1,358.52	2,697.00	

12/05/2012
07:22 AMAdjusting Journal Entries
for the period ended May 31, 2012

Page 1

Account #	Account Name / Description	Debits	Credits
05/31/2012	<u>AJE 1</u>		
30500	MEMBERS' EQUITY	12,885.60	
43000	INTEREST	28.04	
14200	PREPAID EXPENSES	759.00	
20700	PREPAID ASSESSMENTS		265.84
38000	REPLACEMENT RESERVE		12,406.80
38000	REPLACEMENT RESERVE		1,000.00
TO RECORD PRIOR YEAR AUDIT ENTRY TO TIE EQUITY			
05/31/2012	<u>AJE 2</u>		
41000	ASSESSMENTS	314.63	
20700	PREPAID ASSESSMENTS		270.76
41500	LATE FEES		43.87
TO RECORD CURRENT YEAR PREPAID ASSESMENTS AND ASSESSMENT INCOME			
05/31/2012	<u>AJE 3</u>		
14200	PREPAID EXPENSES		17.00
61200	INSURANCE	17.00	
TO RECORD CURRENT YEAR PREPAID INSURANCE EXPENSES			
05/31/2012	<u>AJE 4</u>		
38000	REPLACEMENT RESERVE		127.58
68100	INTEREST CONTRIBUTION	127.58	
TO RECORD INTEREST RESERVE CONTRIBUTION			
05/31/2012	<u>AJE 5</u>		
42000	Legal Fees		477.00
61000	LEGAL	477.00	
TO RECLASSIFY LEGAL EXPENSES THAT WAS RECORDED IN THE LEGAL INCOME ACCOUNT			
05/31/2012	<u>AJE 6</u>		
20100	ACCOUNTS PAYABLE		1,000.00
62000	TREE SERVICE	850.00	
61000	LEGAL	150.00	
TO RECORD CURRENT YEAR ACCOUNTS PAYABLE			

12/05/2012
07:22 AMAdjusting Journal Entries
for the period ended May 31, 2012

Page 2

Account #	Account Name / Description	Debits	Credits
05/31/2012	<u>AJE 7</u>		
12200	ACCRUED INTEREST	22.00	
43000	INTEREST		84.86
10304	CD #852324317	31.43	
10305	CD #852324325	31.43	
TO RECORD ACCRUED INTEREST AND FISCAL YEAR 2012 INTEREST INCOME			
Totals		<u>15,693.71</u>	<u>15,693.71</u>