

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

Jamie L. Brodnax, CPA
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. 112 – Under Statement of Auditing Standards (SAS) No. 112, 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.

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Renee L. Watson, CPA

February 25, 2010

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, 2009 and 2008.

- 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.

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, 2009 and 2008, and the related Statements of Income, Members' Equity and Cash Flows for the 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, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kings Park West Community Association raises funds for its operations and major repairs and replacements through assessment of its members. As of May 31, 2009, the Association had an assessments receivable balance of \$2,167. It is uncertain whether the receivables are actually collectible. The inability to collect owner assessments impacts adversely on the Association's viability. In order for the Association to maintain financial stability and to operate effectively, it must raise and be able to collect sufficient funds from its members to meet its operational and replacement reserve needs.

The supplementary information on future major repairs and replacements on page 10 is not a required part of the basic financial statements of Kings Park West Community Association, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Draft

KINGS PARK WEST COMMUNITY ASSOCIATION
BALANCE SHEETS
MAY 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,209	\$ 14,412
Interest-Bearing Deposits	39,672	28,167
Assessments Receivable	2,167	2,186
Prepaid Insurance	<u>724</u>	<u>287</u>
 Total Assets	 <u>\$ 45,772</u>	 <u>\$ 45,052</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable	\$ -	\$ 150
Prepaid Assessments	399	<u>207</u>
Total Liabilities	<u>\$ 399</u>	<u>\$ 357</u>
 Replacement Reserves	 \$ 31,473	 \$ 29,171
Unappropriated Members' Equity	13,900	<u>15,524</u>
Total Members' Equity	<u>\$ 45,373</u>	<u>\$ 44,695</u>
 Total Liabilities and Members' Equity	 <u>\$ 45,772</u>	 <u>\$ 45,052</u>

See Accompanying Notes to Financial Statements

KINGS PARK WEST COMMUNITY ASSOCIATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED MAY 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>INCOME:</u>		
Assessments	\$ 17,400	\$ 23,200
Interest	503	738
HOA Packets	2,225	2,175
Other	41	5
Total Income	<u>\$ 20,169</u>	<u>\$ 26,118</u>
 <u>EXPENSES:</u>		
Management	\$ 7,200	\$ 7,180
Legal, Audit and Tax Preparation	2,658	2,463
Insurance	4,113	4,350
HOA Packets	2,325	2,325
Office, Printing and Postage	1,061	1,084
Administrative	257	119
Tree Service	1,610	3,050
Bad Debt	267	-
Total Expenses	<u>\$ 19,491</u>	<u>\$ 20,571</u>
Net Income before Contribution to Reserves	\$ 678	\$ 5,547
Contribution to Reserves	<u>(2,302)</u>	<u>(2,838)</u>
Net Income (Loss)	<u>\$ (1,624)</u>	<u>\$ 2,709</u>

See Accompanying Notes to Financial Statements

KINGS PARK WEST COMMUNITY ASSOCIATION
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED MAY 31, 2009 AND 2008

	<u>Replacement Reserves</u>	<u>Unappropriated Members' Equity</u>	<u>Total Members' Equity</u>
Balance as of May 31, 2007	\$ 6,333	\$ 32,815	\$ 39,148
Additions:			
Contribution to Reserves	2,838		2,838
Net Income		2,709	2,709
Inter-Equity Transfer	<u>20,000</u>	<u>(20,000)</u>	<u> </u>
Balance as of May 31, 2008	\$ 29,171	\$ 15,524	\$ 44,695
Addition:			
Contribution to Reserves	2,302		2,302
Deduction:			
Net Loss		<u>(1,624)</u>	<u>(1,624)</u>
Balance as of May 31, 2009	<u>\$ 31,473</u>	<u>\$ 13,900</u>	<u>\$ 45,373</u>

Draft

KINGS PARK WEST COMMUNITY ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income (Loss)	\$ (1,624)	\$ 2,709
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Decrease (Increase) in:		
Assessments Receivable	19	(326)
Prepaid Insurance	(437)	1,438
Increase (Decrease) in:		
Accounts Payable	(150)	-
Prepaid Assessments	192	(208)
Net Cash Flows From Operating Activities	<u>\$ (2,000)</u>	<u>\$ 3,613</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Received from Assessments (Reserves)	\$ 1,800	\$ 2,100
Received from Interest (Reserves)	502	738
Received from Interest-Bearing Deposits	-	5,336
Disbursed for Interest-Bearing Deposits	(11,505)	(33,503)
Net Cash Flows From Investing Activities	<u>\$ (9,203)</u>	<u>\$ (25,329)</u>
Net Change in Cash and Cash Equivalents	\$ (11,203)	\$ (21,716)
Cash and Cash Equivalents at Beginning of Year	<u>14,412</u>	<u>36,128</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,209</u>	<u>\$ 14,412</u>

See Accompanying Notes to Financial Statements

KINGS PARK WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009 AND 2008

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, 2009 AND 2008
(CONTINUED)

NOTE 3 - REPLACEMENT RESERVES: (CONTINUED)

The Board of Directors and management conducted a replacement reserve study in 2005. 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 \$2,100 and interest contribution of \$21 for 2009. For 2009, the Association budgeted to contribute \$1,800 to reserves. In addition, the Association contributed interest income of \$502 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, 2009 and 2008, the Association had designated \$31,473 and \$29,171, respectively, for replacement reserves. These designated reserves were funded by cash and interest-bearing deposits.

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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 2009 and 2008, the income taxes were calculated using the exempt method, which resulted in no income tax liability.

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of May 31, 2009, the Association maintained its funds in the following manner:

KINGS PARK WEST COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009 AND 2008
(CONTINUED)

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS: (CONTINUED)

<u>Institution</u>	<u>Type Account</u>	<u>Cash and Cash Equivalents</u>	<u>Interest- Bearing Deposits</u>	<u>Total</u>
BB&T	Checking	\$ 3,209	\$ -	\$ 3,209
BB&T	Certificates of Deposit (7)		<u>39,672</u>	<u>39,672</u>
	Totals	<u>\$ 3,209</u>	<u>\$ 39,672</u>	<u>\$ 42,881</u>

Draft

KINGS PARK WEST COMMUNITY ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
MAY 31, 2009
(UNAUDITED)

The Board of Directors and management conducted a replacement reserve study in 2005 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 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>2005 Estimated Remaining Useful Life (Years)</u>	<u>2005 Estimated Replacement Cost</u>
Asphalt/Concrete Walks	30	\$ 62,711

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

Date _____

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, 2009 and 2008**, 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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America.
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 are no material transactions that have not been properly recorded in accounting records underlying the financial statements.
4. We are in agreement with the adjusting journal entries you have recommended, and they have been posted to the Association's accounts, if appropriate.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
6. 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.
7. 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.
8. The Association has no undisclosed plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. 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.
10. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Association vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements. We understand that concentrations include individual or group concentrations of sources of labor, services, suppliers or lenders. We further understand that severe impact means a significantly financially disruptive effect on the normal functioning of the Association.
11. Except for legal issues disclosed to you, there are no other -
- A) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - B) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
 - C) Pending or threatened litigation, claims or unasserted claims that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No. 5, and we have not consulted a lawyer concerning litigation or claims.
13. 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.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
15. We are responsible for the fair presentation of the supplemental information accompanying the financial statements about future major repairs and replacements. The Association had a study conducted in 2005. 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.
16. 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."

17. 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.
18. Based on the advice of an insurance professional, insurance coverage is considered adequate for any anticipated property damage losses or liability claims.
19. 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.
20. If we intend to print a portion of your report (not in its entirety), we will notify you in advance, and you will have the opportunity to review such printed material before its issuance.
21. 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 January 19, 2010 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, 2009 and 2008

Management Representative:

Signature

Printed Name

President/Treasurer:

Signature

Printed Name

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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.

February 25, 2010

Board of Directors
Kings Park West Community Association
Fairfax, Virginia

Dear Board Members:

In connection with our examination of the financial statements of Kings Park West Community Association for the year ended May 31, 2009, we make the following comments and recommendations.

Financial Analysis

As of May 31, 2009, the Association had a surplus of \$13,900 in excess operating funds (unappropriated members' equity). This represents approximately 80% of annual assessments. Generally, we recommend associations maintain a buffer of 10% to 20% of annual assessments as excess operating funds. Any amount above 20% should be transferred to replacement reserves.

The Association's assessments receivable balance of \$2,167 represents approximately 12% of annual assessments. Assessments receivable, at a level of 3% or less of annual assessments, indicates good collection procedures and has a positive impact on cash flow. We recommend the Association continue to aggressively pursue all delinquent accounts.

The designated replacement reserves of \$31,473 were funded by cash and interest-bearing deposits as of May 31, 2009.

Old Outstanding Deposit in Transit

The Association currently has an outstanding deposit in transit of \$105 on its bank reconciliation, which was recorded several years ago. Tracking outstanding items is an important control procedure. An adjustment was proposed during the audit to write off the deposit.

Update Reserve Study

The Association had a replacement reserve study conducted in 2005. We recommend the Association consider having an updated study conducted. The Virginia General Assembly passed legislation that requires a study be conducted at least every five years. The Association should take steps to comply with this law.

Crime Coverage

We recommend the Association meet with its insurance agent at least annually to discuss coverage and to make sure that the coverage provides the necessary and appropriate protection. In addition, the Association must get a clear understanding of the process necessary for prompt payment should an event occur and a claim becomes necessary. The Association should maintain crime coverage that equals or exceeds the total of its funds. 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)

Effective October 3, 2008 through December 31, 2013, the FDIC insures bank accounts for up to \$250,000 per financial institution. At times throughout the year, the Association's account balances 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 2009, we recommend the Association file using the exempt method.

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.

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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.

February 25, 2010

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, 2009 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.

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. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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.

The disclosures in the financial statements are neutral, consistent, and clear. 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.

Very truly yours,

GOLDKLANG GROUP CPAs, P.C.

Draft

Goldklang Group

CPAs, P.C.

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Communication of Significant Deficiencies and/or Material Weaknesses under SAS No. 112

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.

February 25, 2010

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, 2009 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we noted certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following to be a significant deficiency in internal control.

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 2008 audit adjustments, to present the financial statements on the accrual basis of accounting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the above deficiency constitutes a material weakness.

Very truly yours,

GOLDKLANG GROUP CPAs, P.C.

Draft

Adjusted Trial Balance
for the period ended May 31, 2009

Account # / Description	Prior Period (Adjusted) 05/31/2008	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
10102 CHECKING	13,409.24	3,313.74	AJE-1	(105.02)	3,208.72	B-1
10200 RESERVE ACCOUNT	1,003.04					
10201 CD #852323159	7,590.62	8,684.13			8,684.13	B-2
10300 CD #852322322	5,144.24	5,247.22			5,247.22	B-2
10301 CD #852322330	5,144.24	5,247.22			5,247.22	B-2
10302 CD #852322349	5,144.24	5,247.22			5,247.22	B-2
10303 CD #852322357	5,144.24	5,247.22			5,247.22	B-2
10304 CD #852324317		5,000.00			5,000.00	B-2
10305 CD #852324325		5,000.00			5,000.00	B-2
12100 A/R - OWNERS	2,185.68		AJE-1 AJE-2	2,185.68 (18.58)	2,167.10	E-1
14200 PREPAID EXPENSES	287.00		AJE-1 AJE-3	287.00 437.00	724.00	G-1
20100 ACCOUNTS PAYABLE	(150.00)					
20700 PREPAID ASSESSMENTS	(206.73)	(1.80)	AJE-1 AJE-2	(206.53) (190.96)	(399.29)	E-1
30500 MEMBERS' EQUITY	(12,812.49)	(13,514.06)	AJE-1	(2,011.13)	(15,525.19)	***
38000 REPLACEMENT RESERVE	(29,170.62)	(29,170.62)	AJE-4	(2,302.60)	(31,473.22)	R-1
(Profit) Loss	(2,712.70)	(300.27)		1,925.14	1,624.87	
	0.00	0.00		0.00	0.00	

Adjusted Trial Balance
for the period ended May 31, 2009

Account # / Description	Prior Period (Adjusted) 05/31/2008	Unadjusted Balance Dr (Cr)	Ref #	Adjustments Dr (Cr)	Adjusted Balance Dr (Cr)	Workpaper Reference
41000 ASSESSMENTS	(23,200.00)	(17,671.43)	AJE-2	271.43	(17,400.00)	Y-1
41500 LATE FEES	(299.40)	(65.10)			(65.10)	
43000 INTEREST	(737.67)	(502.60)			(502.60)	B-2
44000 BAD DEBT	48.43					
45000 HOA PACKET INCOME	(2,175.00)	(2,075.00)	AJE-1	(150.00)	(2,225.00)	
54000 OTHER	246.38	86.00	AJE-2	(61.89)	24.11	
60000 MANAGEMENT	7,180.00	7,200.00			7,200.00	X-1
60100 BAD DEBT EXPENSES		267.31			267.31	
61000 LEGAL	338.00	533.48			533.48	X-1
61100 AUDIT AND TAX RETURN	2,125.00	2,125.00			2,125.00	X-1
61200 INSURANCE	4,350.00	4,549.55	AJE-3	(437.00)	4,112.55	G-1
61400 BANK CHARGES	56.10	103.33			103.33	
61650 POSTAGE	576.28	253.60			253.60	X-1
61675 PRINTING	506.51	710.07			710.07	X-1
61676 HOA PACKET EXPENSES	2,325.00	2,325.00			2,325.00	X-1
61685 LICENSES & FEES	60.00	155.00			155.00	X-1
61700 ADMINISTRATIVE		95.52			95.52	X-1
62000 TREE SERVICE	3,050.00	1,610.00			1,610.00	X-1
68000 REPLACEMENT RESERVE	2,100.00		AJE-4	1,800.00	1,800.00	R-1
68100 INTEREST CONTRIBUTION	737.67		AJE-4	502.60	502.60	R-1
(Profit) Loss	(2,712.70)	(300.27)		1,925.14	1,624.87	

Account #	Account Name / Description	Debits	Credits
05/31/2009	AJE 1		
30500	MEMBERS' EQUITY		2,011.13
12100	A/R - OWNERS	2,185.68	
14200	PREPAID EXPENSES	287.00	
45000	HOA PACKET INCOME		150.00
20700	PREPAID ASSESSMENTS		206.53
10102	CHECKING		105.02
TO RECORD PRIOR YEAR AUDIT ENTRY TO TIE EQUITY			
05/31/2009	AJE 2		
41000	ASSESSMENTS	271.43	
20700	PREPAID ASSESSMENTS		190.96
12100	A/R - OWNERS		18.58
54000	OTHER		61.89
TO RECORD CURRENT YEAR ASSESSMENT RECEIVABLE AND PREPAID ASSESSMENTS			
05/31/2009	AJE 3		
14200	PREPAID EXPENSES	437.00	
61200	INSURANCE		437.00
TO RECORD CURRENT YEAR PREPAID INSURANCE			
05/31/2009	AJE 4		
68000	REPLACEMENT RESERVE	1,800.00	
68100	INTEREST CONTRIBUTION	502.60	
38000	REPLACEMENT RESERVE		2,302.60
TO RECORD CURRENT YEAR RESERVE CONTRIBUTION PER BUDGET			
Totals		5,483.71	5,483.71