

Kings Park West Community Association

P. O. Box 271
Fairfax, VA 22038

January 14, 2013

Goldklang Group
1801 Robert Fulton Dr. Suite 200
Reston, VA 20191

RE: KPWCA Response to Goldklang Fiscal Year 2012 Audit

Dear Goldklang Group,

Please find the attached representation letter as requested. Additionally, we offer the following responses to your comments and recommendations from the Draft Auditor's Report dated December 7, 2012 for KPWCA fiscal year ending May 31, 2012. Only those comments and recommendations where the Board believes clarification is in order are addressed below. The Board agrees and accepts all other comments and recommendations. Please consider including the Associations' response in the final Audit Report.

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. Generally, we recommend associations maintain a buffer of 10-20% of annual assessments as excess operating funds. Any amount above 20% should be transferred to replacement reserves.

The Board has reviewed your recommendations and finds that due to the diminutive annual assessment versus the prospect of significant variations in cost exposure, i.e. tree damage and removal, warrants the Association keeping the current level of excess operating funds. As noted in the Report, last year the Association reported a net cash flow loss \$10,695, or 40% of expenditures. To be conservative, and to account for unanticipated events, the Board is satisfied with keeping the current level of excess operating funds.

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 amounts with such small balances can create administrative and bookkeeping problems.

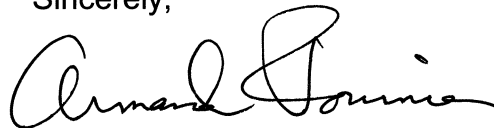
The Board will consider the recommendation regarding the de minimus prepaid amounts. Unless prohibited by law or statute, the Board will assign the prepaid amounts less than one dollar to the reserve fund.

General Ledger and Financial Statements

[W]e recommend the Association produce internal financial statements to show the actual to budget comparisons. This information is critical in making good sound financial decisions.

From the Associations revitalization in 2004, the Board receives monthly financial statements from the management company showing the actual to budget comparisons, the budget comparisons are reviewed every month during the Board meetings.

Sincerely,



Armand Fournier

President -Kings Park West Community Association

Enclosures

Cc: KPWCA Board
RCS Management Company