

Strauss & Associates, P.A.

Certified Public Accountants

6 Park Center Court, Suite 100 • Owings Mills, Maryland 21117
(410) 363-1011 • Fax (410) 363-6919

June 15, 2012

Ms. Cheryl Butler Walker
Community Management Corporation
4840 Westfields Boulevard, Suite 160
Chantilly, Virginia 20151

Dear Cheryl:

Enclosed is the draft copy of the Financial Statements and Auditor's Report of Lakeview at Brandywine Homeowners Association, Inc. for the year ended December 31, 2011.

Also enclosed are the following:

*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 dated at the top of page 1 and signed at the bottom of page 3 by the managing agent and board of directors. In order to issue the final audit please send the most recent financial statement along with the signed representation letter to our office.

*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.

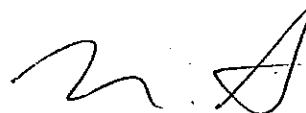
*Communication with Those Charged with Governance under SAS No. 114 - Under Statement of Auditing Standards (SAS) No. 114, we are required to communicate audit matters that, in our professional judgement, may be significant and relevant to those charged with governance of the Association.

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

Thank you for your cooperation.

Sincerely,

STRAUSS & ASSOCIATES, P.A.



Marc J. Strauss, CPA

MJS/smh
Enclosure

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

LAKEVIEW AT BRANDYWINE
HOMEOWNERS ASSOCIATION, INC.

December 31, 2011

DRAFT COPY - SUBJECT TO CHANGE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Lakeview at Brandywine Homeowners Association, Inc.

We have audited the accompanying balance sheet of the Lakeview at Brandywine Homeowners Association, Inc. as of December 31, 2011 and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the company's management. 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 of material misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 the Lakeview at Brandywine Homeowners Association, Inc. at December 31, 2011 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note C, the Association has not conducted a study to estimate the remaining lives and replacement costs of the common property and therefore, has not presented the estimates of future costs of major repairs and replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

Strauss & Associates P.A.

LAKEVIEW AT BRANDYWINE HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

December 31, 2011

ASSETS

	Operating fund	Replacement fund	Total
CURRENT ASSETS			
Cash	\$ 20,233	\$ -	\$ 20,233
Assessments receivable (net of allowance for doubtful accounts of \$12,978)	13,625	-	13,625
Prepaid expenses	7,182	-	7,182
Due from operating fund	-	17,196	17,196
Total current assets	<u>\$ 41,040</u>	<u>\$ 17,196</u>	<u>\$ 58,236</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES			
Accounts payable	\$ 3,043	\$ -	\$ 3,043
Prepaid assessments	11,100	-	11,100
Due to replacement fund	17,196	-	17,196
Total current liabilities	31,339	-	31,339
FUND BALANCES	<u>9,701</u>	<u>17,196</u>	<u>26,897</u>
Total liabilities and fund balances	<u>\$ 41,040</u>	<u>\$ 17,196</u>	<u>\$ 58,236</u>

See independent auditor's report and notes to financial statements.

LAKEVIEW AT BRANDYWINE HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

For the year ended December 31, 2011

	Operating fund	Replacement fund	Total
REVENUES			
Assessments	\$ 118,073	\$ 15,000	\$ 133,073
Working capital	5,540	-	5,540
Interest income	-	42	42
Late fee income	5,025	-	5,025
Legal fee income	4,520	-	4,520
Developer contributions	29,000	-	29,000
Other income	1,005	-	1,005
	<u>163,163</u>	<u>15,042</u>	<u>178,205</u>
EXPENSES			
Administrative	7,519	-	7,519
Bad debt expense	12,978	-	12,978
Community center expenses	19,345	-	19,345
Electricity and gas	24,265	-	24,265
Grounds	27,203	-	27,203
Insurance	6,908	-	6,908
Janitorial	7,235	-	7,235
Management fees	16,667	-	16,667
Management reimbursements	7,508	-	7,508
Pool expenses	37,528	-	37,528
Professional fees	9,303	-	9,303
Repairs and maintenance	8,217	-	8,217
Security	1,393	-	1,393
Taxes - other	4,627	-	4,627
Telephone	742	-	742
Trash removal	1,882	-	1,882
Water and sewer	4,176	-	4,176
	<u>197,496</u>	<u>-</u>	<u>197,496</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(34,333)	15,042	(19,291)
FUND BALANCES			
- beginning of year (as restated)	<u>44,034</u>	<u>2,154</u>	<u>46,188</u>
FUND BALANCES			
- end of year	<u>\$ 9,701</u>	<u>\$ 17,196</u>	<u>\$ 26,897</u>

See independent auditor's report and notes to financial statements.

LAKEVIEW AT BRANDYWINE HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

	Operating fund	Replacement fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ (34,333)	\$ 15,042	\$ (19,291)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:			
(Increase) decrease in:			
Assessments receivable	(12,888)	-	(12,888)
Prepaid expenses	(860)	-	(860)
Due from replacement fund	14,800	-	14,800
Due from operating fund	-	(17,196)	(17,196)
Increase (decrease) in:			
Accounts payable	3,043	-	3,043
Prepaid assessments	4,783	-	4,783
Allowance for doubtful accounts	12,978	-	12,978
Due to operating fund	-	(14,800)	(14,800)
Due to replacement fund	17,196	-	17,196
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,719	(16,954)	(12,235)
NET INCREASE (DECREASE) IN CASH	4,719	(16,954)	(12,235)
CASH AT BEGINNING OF YEAR	15,514	16,954	32,468
CASH AT END OF YEAR	\$ 20,233	\$ -	\$ 20,233

SUPPLEMENTAL INFORMATION

Income taxes paid	\$ -	\$ -	\$ -
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See independent auditor's report and notes to financial statements.

LAKEVIEW AT BRANDYWINE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A - ORGANIZATION, PURPOSE, AND MANAGEMENT

Lakeview at Brandywine Homeowners Association, Inc., a non-stock corporation, exists for the private benefit of its members having as its purpose the general upkeep and maintenance of the common elements of the development and any other common expenses of the unit owners. The Association, located in Prince George's County, Maryland, is comprised of 141 residential units as of December 31, 2011.

The Association had engaged ComSource Management, Inc. as its agent to collect maintenance fees for the unit owners to administer the policies of the Board of Directors and to assist in the management of the Association's affairs. As of April 1, 2011 Community Management Corporation, an Associa Company, has been engaged to perform these duties.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant policies consistently applied in the preparation of the accompanying statements follows:

1. Funds

The Association uses fund accounting, which requires that funds, such as operating and replacement funds, be classified separately for accounting and reporting purposes. The operating fund is used to account for financial resources available for the general operations of the Association. The replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

2. Income taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. In 2011, the Association elected to be taxed as a homeowners' association. Under that election, the Association is taxed on its nonexempt function income, such as interest earned, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

LAKEVIEW AT BRANDYWINE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

4. Assessments receivable

An allowance for doubtful accounts has been set up as an estimate for those accounts which may not be collectible.

NOTE C - REPLACEMENT FUND

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future.

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Funds are being accumulated in the replacement fund based on estimated future costs for repairs and replacements of common property components. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

LAKEVIEW AT BRANDYWINE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011

NOTE D - OPERATING FUND

During the current year audit, it was determined that working capital contributions should be reclassified from the replacement fund to the operating fund. The beginning of the year operating and replacement fund balances have been adjusted by \$16,350 to reflect this change.

NOTE E - SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through (date inserted after completion of the final audit), the date the financial statements were available to be issued.

DRAFT COPY - SUBJECT TO CHANGE

Date: _____

Strauss & Associates, P.A.
Certified Public Accountants
6 Park Center Court, Suite 100
Owings Mills, Maryland 21117

We are providing this letter in connection with your audit of the balance sheet of Lakeview at Brandywine Homeowners Association, Inc. as of December 31, 2011, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Lakeview at Brandywine Homeowners Association, Inc. 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 judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during the audit.

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 the meetings of directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. We have no knowledge of-
 - a. Fraud or suspected fraud involving management or employees who have significant roles in internal control.
 - b. Fraud or suspected fraud involving others that could have a material effect on the financial statements.
4. The Association has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity balances.
5. 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 arrangements, and guarantees.

- b. Guarantees, whether written or oral, under which the Association is contingently liable.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - d. Agreements to repurchase assets previously sold.
6. There are no-
- 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. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification 450, Contingencies (formerly Statement of Financial Accounting Standards No. 5).
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, Contingencies (formerly Statement of Financial Accounting Standards No. 5).
 - d. Transfers or designations of fund balances or interfund borrowings that were not properly authorized and approved, or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
7. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
8. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
9. 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.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
11. The board of directors has not conducted a study to determine the estimated funding needed for future major repairs and replacements. It is funding major repairs and replacements through special assessments or borrowings as needs arise.
12. The Association's allocation of expenses against exempt and nonexempt function income conforms with the IRS rules, which require that the allocation be made "on a reasonable basis."
13. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

14. 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 a near-term severe impact that have not been properly disclosed in the financial statements.
15. The board of directors has reviewed the adequacy of insurance coverage during the year.
16. We are in agreement with the adjusting journal entries you have recommended, and they have been posted to the Association's accounts, if appropriate.
17. We understand that the Association is responsible for the choice of income tax filing and the consequences thereof.
18. 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.
19. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
20. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others.
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 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 fire, changes in ongoing litigation or new litigation and approval of special assessments. Material events that have occurred are:

By: _____
Member of Board of Directors

By: _____
Managing Agent

12/31/11
Default

LAKEVIEW AT BRANDYWINE HOA, INC.
Trial Balance Grid Report

60044A
Page 1

Number	Description	Type	Prior Period	Unadjusted Balance	Adjusting Dr	Adjusting Cr	Adjusted Balance
1013	CASH - FIRST ASSOCIATIONS	A	0.00	20,232.51	0.00	0.00	20,232.51
1130	CASH - PETTY	A	0.00	600.00	0.00	600.00	0.00
1150	ASSESSMENTS RECEIVABLE	A	0.00	26,210.95	392.74	0.00	26,603.69
1200	ALLOWANCE FOR DOUBTFUL ACC	A	0.00	(12,978.00)	0.00	0.00	(12,978.00)
1280	CLEARING ACCOUNT	A	0.00	(70.00)	0.00	0.00	(70.00)
1320	PREPAID INSURANCE	A	0.00	5,658.94	0.00	0.00	5,658.94
1330	PREPAID EXPENSES	A	0.00	0.00	5,226.94	3,704.14	1,522.80
1500	DUE FROM OPERATING FUND	A	0.00	0.00	17,196.24	0.00	17,196.24
2001	ACCOUNTS PAYABLE	L	0.00	(1,161.10)	0.00	0.00	(1,161.10)
2002	ACCRUED EXPENSES	L	0.00	0.00	0.00	1,811.13	(1,811.13)
2200	PREPAID ASSESSMENTS	L	0.00	(11,100.32)	0.00	0.00	(11,100.32)
2500	DUE TO REPLACEMENT FUND	L	0.00	0.00	0.00	17,196.24	(17,196.24)
3001	OPERATING FUND	L	0.00	(22,314.17)	0.00	21,720.07	(44,034.24)
3110	CAPITAL CONTRIBUTIONS	L	0.00	(16,850.00)	16,850.00	0.00	0.00
3200	REPLACEMENT FUND	L	0.00	(2,023.64)	16,350.00	16,480.16	(2,153.80)
3201	RESERVE - CONTRIBUTIONS	L	0.00	(15,000.00)	0.00	0.00	(15,000.00)
3202	RESERVE - INTEREST	L	0.00	0.00	0.00	42.44	(42.44)
4001	ASSESSMENTS	R	0.00	(133,040.55)	0.00	32.74	(133,073.29)
4002	WORKING CAPITAL CONTRIBUTI	R	0.00	(4,730.00)	0.00	810.00	(5,540.00)
4005	DEVELOPER CONTRIBUTIONS	R	0.00	(29,000.00)	0.00	0.00	(29,000.00)
4101	INTEREST INCOME	R	0.00	(10.14)	12.70	2.56	0.00
4217	CLUBHOUSE/PARTY ROOM RENTA	R	0.00	(890.00)	0.00	0.00	(890.00)
4219	KEY INCOME	R	0.00	(15.00)	0.00	0.00	(15.00)
4301	LATE FEE INCOME	R	0.00	(5,025.00)	0.00	0.00	(5,025.00)
4302	LEGAL FEE INCOME	R	0.00	(4,520.00)	0.00	0.00	(4,520.00)
4332	MISCELLANEOUS INCOME	R	0.00	(100.00)	0.00	0.00	(100.00)
5001	OFFICE SUPPLIES	E	0.00	629.96	0.00	0.00	629.96
5010	POSTAGE	E	0.00	1,822.51	0.00	0.00	1,822.51
5015	PRINTING/COPYING	E	0.00	1,670.14	0.00	0.00	1,670.14
5034	INTERNET SERVICES	E	0.00	391.92	0.00	0.00	391.92
5040	BANK CHARGES	E	0.00	209.18	45.00	99.61	154.57
5065	MISCELLANEOUS ADMIN	E	0.00	1,632.26	0.00	0.00	1,632.26
5070	LEGAL FEES - COLLECTIONS	E	0.00	375.00	0.00	0.00	375.00
5101	LEGAL FEES - GENERAL	E	0.00	8,802.68	0.00	0.00	8,802.68
5106	COLLECTION INCOME	R	0.00	(1,150.00)	0.00	0.00	(1,150.00)
5110	AUDIT/TAX PREP	E	0.00	1,275.00	0.00	0.00	1,275.00
5115	MANAGEMENT FEES	E	0.00	16,667.28	0.00	0.00	16,667.28
5120	MANAGEMENT REIMBURSEMENTS	E	0.00	7,508.25	0.00	0.00	7,508.25
5204	REAL ESTATE TAX	E	0.00	1,845.60	3,704.14	922.80	4,626.94
5220	INSURANCE	E	0.00	5,075.08	1,833.00	0.00	6,908.08

12/31/11
Default

LAKEVIEW AT BRANDYWINE HOA, INC.
Trial Balance Grid Report

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Page 2

Number	Description	Type	Prior Period	Unadjusted Balance	Adjusting Dr	Adjusting Cr	Adjusted Balance
5310	RESERVE CONTRIBUTIONS	[E]	0.00	15,000.00	0.00	0.00	15,000.00
5413	MAINTENANCE	[E]	0.00	406.25	0.00	0.00	406.25
5801	BUSINESS MEETINGS	[E]	0.00	303.00	0.00	0.00	303.00
5805	SOCIAL COMMITTEE	[E]	0.00	315.55	600.00	0.00	915.55
5901	WATER/SEWER	[E]	0.00	2,196.49	1,811.13	0.00	4,007.62
5915	ELECTRICITY	[E]	0.00	22,204.52	0.00	0.00	22,204.52
5945	GAS	[E]	0.00	2,060.55	0.00	0.00	2,060.55
5960	TELEPHONE	[E]	0.00	742.31	0.00	0.00	742.31
6001	LANDSCAPE MAINTENANCE CONT	[E]	0.00	27,108.00	0.00	0.00	27,108.00
6004	SECURITY SERVICE CONTRACT	[E]	0.00	643.00	0.00	0.00	643.00
6005	SECURITY MONITORING CONTRA	[E]	0.00	1,200.00	0.00	600.00	600.00
6006	JANITORIAL CONTRACT	[E]	0.00	7,234.50	0.00	0.00	7,234.50
6012	TRASH REMOVAL CONTRACT	[E]	0.00	1,881.81	0.00	0.00	1,881.81
6018	POOL MANAGEMENT CONTRACT	[E]	0.00	31,500.00	0.00	0.00	31,500.00
6023	SERVICE CONTRACT - OTHER	[E]	0.00	213.47	0.00	0.00	213.47
6338	LAKE MAINTENANCE	[E]	0.00	95.00	0.00	0.00	95.00
6350	SECURITY SERVICES	[E]	0.00	150.00	0.00	0.00	150.00
6360	GENERAL R&M	[E]	0.00	3,794.98	0.00	0.00	3,794.98
6368	SITE MAINTENANCE	[E]	0.00	3,351.94	0.00	0.00	3,351.94
6369	RECREATIONAL AREAS	[E]	0.00	450.50	0.00	0.00	450.50
6470	FIRE PROTECTION	[E]	0.00	168.00	0.00	0.00	168.00
6915	BAD DEBT EXPENSE	[E]	0.00	12,978.00	0.00	0.00	12,978.00
7202	POOL - REPAIRS AND MAINTEN	[E]	0.00	3,903.88	0.00	0.00	3,903.88
7204	POOL - SUPPLIES	[E]	0.00	2,124.34	0.00	0.00	2,124.34
7260	COMMUNITY CENTER - R&M	[E]	0.00	18,224.65	0.00	0.00	18,224.65
7261	COMMUNITY CENTER - JANITOR	[E]	0.00	1,119.92	0.00	0.00	1,119.92
Total			0.00	0.00	64,021.89	64,021.89	0.00
YTD Profit/(Loss)				(28,794.83)			(34,333.09)

Prepared by _____

LAKEVIEW AT BRANDYWINE HOA, INC.
Adjusting Journal Entries

60044A

Page 1

Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
1	Adjusting	12/31/11					
		5040	BANK CHARGES		99.61		
		4101	INTEREST INCOME	12.70			
		5220	INSURANCE	1,833.00			
		1330	PREPAID EXPENSES	3,704.14			
		3200	REPLACEMENT FUND		16,480.16		
		3110	CAPITAL CONTRIBUTIONS	16,400.00			
		3001	OPERATING FUND		5,370.07		
			TO ADJUST BEGINNING 01/01/11 BALANCES			(1,746.09)	
2	Adjusting	12/31/11					
		3110	CAPITAL CONTRIBUTIONS	450.00			
		4002	WORKING CAPITAL CONTRIBU		450.00		
			TO RECLASSIFY TO PROPER ACCOUNTS			450.00	
3	Adjusting	12/31/11					
		5805	SOCIAL COMMITTEE	600.00			
		1130	CASH - PETTY		600.00		
			TO RECLASSIFY TO PROPER ACCOUNTS			(600.00)	
4	Adjusting	12/31/11					
		1330	PREPAID EXPENSES		3,704.14		
		5204	REAL ESTATE TAX	3,704.14			
			TO REVERSE 12/31/10 PREPAID EXPENSES			(3,704.14)	
5	Adjusting	12/31/11					
		3200	REPLACEMENT FUND	16,350.00			
		3001	OPERATING FUND		16,350.00		
			TO ADJUST BEGINNING BALANCES TO RECLASSIFY W.C.			0.00	

Prepared by _____

LAKEVIEW AT BRANDYWINE HOA, INC.
Adjusting Journal Entries

60044A

Page 2

Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
6	Adjusting	12/31/11					
		1330	PREPAID EXPENSES	1,522.80			
		5204	REAL ESTATE TAX		922.80		
		6005	SECURITY MONITORING CONT		600.00		
			TO RECORD 12/31/11 PREPAID EXPENSES			1,522.80	
7	Adjusting	12/31/11					
		3202	RESERVE - INTEREST		42.44		
		4101	INTEREST INCOME		2.56		
		5040	BANK CHARGES	45.00			
			TO RECLASSIFY RESERVE INTEREST			(42.44)	
8	Adjusting	12/31/11					
		1500	DUE FROM OPERATING FUND	17,196.24			
		2500	DUE TO REPLACEMENT FUND		17,196.24		
			TO RECORD DUE TO/FROM PER SCHEDULE			0.00	
9	Adjusting	12/31/11					
		1150	ASSESSMENTS RECEIVABLE	392.74			
		4002	WORKING CAPITAL CONTRIBU		360.00		
		4001	ASSESSMENTS		32.74		
			TO RECORD ADD'L 12/31/11 ASSESSMENTS RECEIVABLE			392.74	
10	Adjusting	12/31/11					
		5901	WATER/SEWER	1,811.13			
		2002	ACCRUED EXPENSES		1,811.13		
			TO RECLASSIFY TO PROPER ACCOUNT			(1,811.13)	
		TOTAL		<u>64,021.89</u>	<u>64,021.89</u>	<u>(5,538.26)</u>	

Strauss & Associates, P.A.

Certified Public Accountants

6 Park Center Court, Suite 100 • Owings Mills, Maryland 21117
(410) 363-1011 • Fax (410) 363-6919

Management Letter

June 15, 2012

Board of Directors

Lakeview at Brandywine Homeowners Association, Inc.

Dear Board of Directors:

In connection with our examination of the financial statements of Lakeview at Brandywine Homeowners Association, Inc. for the year ended December 31, 2011, we make the following comments and recommendations.

Due to Replacement Fund

As of December 31, 2011, the operating fund owed the replacement fund \$17,196.24. Examples of situations that may cause this include borrowing money from reserves to cover operating expenses and not transferring budgeted reserve contributions. The Association should reimburse the replacement fund as soon as practical, preferably before the end of the year.

No Replacement Fund Study Conducted

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. We recommend that the Association conduct a study to estimate the costs of repairing and replacing those components and that computations be made as to the amount of funds the Association should accumulate to make the necessary repairs and replacements.

Assessments Receivable

The Association has an unusually large delinquent assessments receivable balance. The Board should review the allowance that has been set up to determine those accounts that are deemed uncollectible. Collection efforts should be continued even after accounts are written off however.

These comments and recommendations are intended solely for the information and use of the Board of Directors, management, and others within the Association and is not intended to be, and should not be, used by anyone other than those specified parties.

We would be pleased to discuss our comments and recommendation in greater detail.

Sincerely,

A handwritten signature in dark ink, appearing to be 'M J' followed by a stylized flourish.

STRAUSS & ASSOCIATES, P.A.

Strauss & Associates, P.A.

Certified Public Accountants

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(410) 363-1011 • Fax (410) 363-6919

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE UNDER SAS NO. 114

June 15, 2012

Board of Directors

Lakeview at Brandywine Homeowners Association, Inc.

Dear Board of Directors,

We have audited the financial statements of Lakeview at Brandywine Homeowners Association, Inc. for the year ended December 31, 2011. 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 U.S. generally accepted accounting principles. 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 and/or the Board of Directors.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management 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 B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. 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. There was 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 management in performing and completing the 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 proposed adjusting entries have been provided to the Association.

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 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 and the Board of Directors 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.

This information is intended solely for the use of management, the Board of Directors, and others within the Association, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in dark ink, appearing to be 'MS' or similar initials, written in a cursive style.

STRAUSS & ASSOCIATES, P.A.