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Independent Auditor's Report

To the Board of Directors of
Lafayette Village Community Association, Inc.

Opinion

We have audited the accompanying financial statements of Lafayette Village Community Association, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lafayette Village Community Association, Inc. as of December 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lafayette Village Community Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Village Community Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lafayette Village Community Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Village Community Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on page 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which 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.

Reston, Virginia
September 22, 2025

LAFAYETTE VILLAGE COMMUNITY ASSOCIATION, INC.
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	$ 228,938	$ 153,354
Interest-Bearing Deposits	959,984	913,566
Assessments Receivable - Net	12,955	6,314
Income Taxes Receivable	4,044	661
Accrued Interest	11,362	7,121
Prepaid Expenses	8,289	7,910
Total Assets	$ 1,225,572	$ 1,088,926
LIABILITIES AND MEMBERS' EQUITY		
Accounts Payable	$ 7,004	$ 1,370
Income Taxes Payable	-	2,613
Prepaid Assessments	45,268	45,915
Deferred Easement	70,387	-
Total Liabilities	$ 122,659	$ 49,898
Replacement Reserves	$ 961,325	$ 905,393
Unappropriated Members' Equity	141,588	133,635
Total Members' Equity	$ 1,102,913	$ 1,039,028
Total Liabilities and Members' Equity	$ 1,225,572	$ 1,088,926

See Accompanying Notes to Financial Statements

LAFAYETTE VILLAGE COMMUNITY ASSOCIATION, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
INCOME:		
Assessments	$ 483,924	$ 460,740
Late Fees	1,950	1,067
Interest	38,215	27,833
Grant	7,240	-
Other	9,570	9,666
Total Income	$ 540,899	$ 499,306
EXPENSES:		
Management	$ 51,328	$ 50,076
Legal, Audit and Tax Preparation	11,982	12,722
Insurance	14,473	13,986
Recording Secretary	2,100	2,100
Administrative	8,337	6,454
Electricity - Security Lights	3,221	3,647
Pool Operations	69,146	62,943
Grounds Maintenance	86,501	84,180
Landscaping and Tree Service	29,536	9,282
Trash Removal	81,475	75,614
Snow Removal	8,313	-
Common Area Maintenance	10,431	6,266
Credit Loss - Receivables	10,611	3,831
Income Taxes	8,762	7,985
Total Expenses	$ 396,216	$ 339,086
Net Income before Contribution to Reserves	$ 144,683	$ 160,220
Contribution to Reserves	(136,730)	(104,880)
Net Income	$ 7,953	$ 55,340

See Accompanying Notes to Financial Statements

LAFAYETTE VILLAGE COMMUNITY ASSOCIATION, INC.
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Replacement Reserves	Unappropriated Members' Equity	Total Members' Equity
Balance as of December 31, 2022	$ 869,585	$ 78,295	$ 947,880
Additions:			
Contribution to Reserves	104,880		104,880
Net Income		55,340	55,340
Deductions:			
Basketball Court Repairs	(39,500)		(39,500)
Pool Repairs	(4,872)		(4,872)
Tree Removal	(24,700)		(24,700)
Balance as of December 31, 2023	$ 905,393	$ 133,635	$ 1,039,028
Additions:			
Contribution to Reserves - Assessments	130,493		130,493
Contribution to Reserves - Grant Proceeds	6,237		6,237
Net Income		7,953	7,953
Deductions:			
Basketball Court Repairs	(1,500)		(1,500)
Easement Appraisal	(2,000)		(2,000)
Erosion Repairs	(5,306)		(5,306)
Playground	(4,042)		(4,042)
Pool Furniture/Repairs	(6,369)		(6,369)
Retaining Wall	(49,108)		(49,108)
Tree Planting	(12,473)		(12,473)
Balance as of December 31, 2024	$ 961,325	$ 141,588	$ 1,102,913

See Accompanying Notes to Financial Statements

LAFAYETTE VILLAGE COMMUNITY ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 7,953	$ 55,340
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Credit Loss - Receivables	10,611	3,831
Amortization	16	1,347
Decrease (Increase) in:		
Assessments Receivable	(17,252)	(7,736)
Income Taxes Receivable	(3,383)	1,164
Accrued Interest	(4,241)	(3,927)
Prepaid Expenses	(379)	(74)
Increase (Decrease) in:		
Accounts Payable	328	(703)
Income Taxes Payable	(2,613)	2,530
Prepaid Assessments	(647)	593
Deferred Easement	70,387	-
Net Cash Flows from Operating Activities	$ 60,780	$ 52,365
CASH FLOWS FROM INVESTING ACTIVITIES:		
Received from Assessments (Reserves)	$ 130,493	$ 104,880
Received from Deferred Revenue (Reserves)	6,237	-
Disbursed for Reserve Expenditures	(75,492)	(69,072)
Received from Interest-Bearing Deposits	300,000	475,000
Disbursed for Interest-Bearing Deposits	(346,434)	(662,852)
Net Cash Flows from Investing Activities	$ 14,804	$ (152,044)
Net Change in Cash and Cash Equivalents	$ 75,584	$ (99,679)
Cash and Cash Equivalents at Beginning of Year	153,354	253,033
Cash and Cash Equivalents at End of Year	$ 228,938	$ 153,354
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Income Taxes	$ 14,511	$ 6,104

See Accompanying Notes to Financial Statements

LAFAYETTE VILLAGE COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - NATURE OF OPERATIONS:

The Association is incorporated under the laws of the Commonwealth of Virginia in 1983 for the purposes of maintaining and preserving the common property of the Association. The Association is located in Annandale, Virginia and consists of 21 detached homes and 294 townhomes. The Board of Directors administers the operations of the Association.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Method of Accounting - The financial statements are presented on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

B) Member Assessments - Association members are subject to annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its assessments are satisfied over time on a daily pro-rata basis using the input method. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Association's control.

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, the land, recreational facilities and site improvements.

D) Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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.

The Association had a replacement reserve study conducted by Reserve Advisors, LLC during 2021. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on the study.

The study recommends a contribution to reserves of $102,900 for 2024 plus interest of $8,077. For 2024, the Association budgeted to contribute $130,493 to reserves.

Funds are being accumulated in replacement reserves based on estimates of future needs for repair and replacement of common property components. 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 December 31, 2024 and 2023, the Association had designated $961,325 and $905,393, respectively, for replacement reserves. These designated reserves were funded by cash and interest-bearing deposits.

NOTE 4 - INCOME TAXES:

For income tax purposes, the Association may elect annually to file either as an exempt homeowners association or as an association taxable as a corporation. As an exempt homeowners association, the Association's net assessment income would be exempt from income tax, but its interest 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 2024 and 2023, the Association's income taxes were calculated using the corporate and exempt methods, respectively.

The Association's policy is to recognize any tax penalties and interest as an expense when incurred. 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.

NOTE 5 - CASH AND INTEREST-BEARING DEPOSITS:

As of December 31, 2024, the Association maintained its funds in the following manner:

Institution	Cash and Cash Equivalents	Interest-Bearing Deposits
Pinnacle	$ 61,791	$ -
Wells Fargo (Various Institutions)	167,147	959,984
Totals	$ 228,938	$ 959,984

Cash and securities held at a SIPC member brokerage firm are insured by the SIPC for up to $500,000, which includes $250,000 limit for cash. The Association maintains funds in a brokerage account which are subject to SIPC limits.

NOTE 6 - ASSESSMENTS RECEIVABLE - NET:

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control.

On January 1, 2023, the Association adopted FASB Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which affects current U.S. GAAP primarily as it relates to the methodology for estimating allowances for credit losses and the presentation and disclosure requirements.

The main effect resulting from the adoption of the new standard is that previously reported allowance for doubtful assessments are now shown as allowance for credit losses. The adoption of the new guidance resulted in no changes to unappropriated members' equity as of January 1, 2023.

NOTE 6 - ASSESSMENTS RECEIVABLE - NET: (CONTINUED)

	2024	2023
Assessments Receivable	$ 22,287	$ 11,335
Less: Allowance for Credit Losses	(9,332)	(5,021)
Assessments Receivable - Net	$ 12,955	$ 6,314

	2024	2023
Allowance for Credit Losses:		
Beginning Balance	$ 5,021	$ 1,190
Write-Offs	(6,300)	-
Recoveries	-	-
Provision	10,611	3,831
Ending Balance	$ 9,332	$ 5,021

As of December 31, 2024 and 2023, the amount of assessments receivable that relate to rules violations charges was $7,703 and $6,424, respectively.

NOTE 7 – DEFERRED EASEMENT PROCEEDS:

During 2024, the Association entered into an agreement with Fairfax County to facilitate a stream restoration and drainage pond retrofit project. As part of the agreement, the Association received easement proceeds in the amount of $73,800. During 2025, the Association approved to distribute to owners the easement proceeds of $73,800 less related legal costs of $4,005, for a net distribution to owners in the amount of $69,795. As of December 31, 2024, the balance in deferred easement proceeds was $70,387.

NOTE 8 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 22, 2025, the date the financial statements were available to be issued.

Subsequent to year-end, the Association incurred replacement reserve expenditures of approximately $135,000.

During 2025, the Association entered into a contract for playground replacement for approximately $102,000. This project will be funded through replacement reserves.

LAFAYETTE VILLAGE COMMUNITY ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2024
(UNAUDITED)

The Association had a replacement reserve study conducted by Reserve Advisors, LLC during 2021 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. The estimated replacement costs presented below do not take into account the effects of inflation between the date of the study and the date the components will require repair or replacement; however, the Association's replacement reserve study does take inflation into consideration when evaluating future expenditures and recommended contributions to reserves.

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

Component	2021 Estimated Remaining Useful Life (Years)	2021 Estimated Replacement Cost
Property Site Elements	0-30	$2,411,050
Clubhouse Elements	1-30	41,290
Pool Elements	1-21	724,058