Bethelen Woods Homes Association

Financial Statements

For the Year Ended
December 31, 2025

With Independent Auditor's Report

Turner, Leins & Gold, LLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bethelen Woods Homes Association
c/o Capitol Management Corporation
Fairfax, VA 22033

Opinion

We have audited the accompanying financial statements of Bethelen Woods Homes Association, which comprises the balance sheet as of December 31, 2025, and the related statements of revenues and expenses, changes in members' equity and cash flows for the year 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 Bethelen Woods Homes Association as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance 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 Bethelen Woods Homes Association 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 the 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 the Bethelen Woods Homes Association'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 Responsibilities 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 Bethelen Woods Homes Association'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 Bethelen Woods Homes Association'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 supplementary information on future major repairs and replacements on page 11 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.

Turner, Leins + Gold, LLC

Vienna, Virginia
June 10, 2026

Bethelen Woods Homes Association
Balance Sheet
December 31, 2025

Assets

Current Assets:	
Cash - Undesignated	$ 71,309
Cash - Designated for Repairs and Replacements	64,134
Subtotal Cash	135,443
Assessments Receivable	9,600
Prepaid Expenses	2,745
Total Current Assets	147,788
Other Assets:	
Certificates of Deposit - Designated for Repairs and Replacements	58,041
Total Other Assets	58,041
Total Assets	$ 205,829

Liabilities and Members' Equity

Current Liabilities:	
Accounts Payable and Accrued Expenses	$ 2,537
Prepaid Assessments	21,674
Total Current Liabilities	24,211
Total Liabilities	24,211
Members' Equity:	
Undesignated	59,443
Designated: Future Repairs and Replacements	122,175
Total Members' Equity	181,618
Total Liabilities and Members' Equity	$ 205,829

Bethelen Woods Homes Association
Statement of Revenues and Expenses
For the Year Ended December 31, 2025

Revenues:	
Member Assessments	$ 228,900
Less: Assessments and Fees - Major Replacements and Repairs	(60,601)
Net Operating Assessments	168,299
Interest Income	3,650
Late Fee and Other Miscellaneous Income	6,187
Total Revenues	178,136
Expenses:	
Grounds Maintenance Contract	41,711
Insurance	1,783
Licenses and Fees	115
Management Fees	42,780
Office and Administrative	2,892
Professional Fees	10,809
Repairs and Maintenance	3,073
Snow Removal	4,871
Trash/Recycling	47,668
Tree Maintenance	10,210
Utilities	3,893
Total Expenses	169,805
Excess of Revenues Over Expenses	$ 8,331

See Accompanying Notes and Independent Auditor's Report

Bethelen Woods Homes Association
Statement of Changes in Members' Equity
For the Year Ended December 31, 2025

	Undesignated	Repairs and Replacements	Total
MEMBERS' EQUITY - December 31, 2024	$ 74,853	$ 47,533	$ 122,386
Excess of Revenues Over Expenses	8,331	-	8,331
Budgeted Reserve Assessments	-	58,060	58,060
Equity Transfer	(23,741)	23,741	-
Interest Contribution to Reserves	-	2,541	2,541
Reserve Expenditures	-	(9,700)	(9,700)
MEMBERS' EQUITY - December 31, 2025	$ 59,443	$ 122,175	$ 181,618

Bethelen Woods Homes Association
Statement of Cash Flows
December 31, 2025

Cash Flows from Operating Activities:		
Excess of Revenues Over Expenses	$	8,331
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Used in Operating Activities:		
Change in Assets and Liabilities:		
Assessments Receivable, net		7,167
Prepaid Expenses		(2,745)
Accounts Payable and Accrued Expenses		(4,199)
Prepaid Assessments/Revenue Adjustment		(8,734)
Net Cash Flows Used in Operating Activities		(180)
Cash Flows from Investing Activities:		
Purchase of Investments		(21,701)
Budgeted Reserve Assessments		58,060
Interest Contribution to Reserve		2,541
Reserve Expenditures		(9,700)
Net Cash Flows Provided by Investing Activities		29,200
Net Change in Cash		29,020
Cash & Cash Equivalents, Beginning of Year		106,423
Cash & Cash Equivalents, End of Year	$	135,443
CASH PAID DURING THE YEAR FOR:		
Interest	$	-
Taxes	$	-

Note 1: Nature of Organization

Bethelen Woods Homes Association "The Association" is an association organized under the laws of the Commonwealth of Virginia for the purposes of maintaining and preserving the common property of the association. The Association is located in Springfield, Virginia and consists of 175 townhouse residential units. The Board of Directors administers the Association operations.

Note 2: Summary of Significant Accounting Policies

Method of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting, whereby income is recognized when earned and expenses are recognized when incurred.

Common Property
Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's Financial Statements.

Management Contract
The Association contracts out management services including billing and other administrative services. The contract renews annually.

Recognition of Assets
The Association is responsible for preserving and maintaining the common area properties and may dispose of them only with the unanimous consent of the owners with all proceeds from the disposition remitted to the owners.

Cash Equivalents
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.

Member Assessments
Association members (unit owners) are subject to quarterly 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 operating and replacement fund 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 unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are sixty days or more delinquent. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control.

Advance assessments received are recorded as prepaid assessments. Prepaid assessments are recognized as income when they become due.

Any excess assessments at year-end are retained by the Association for use in the succeeding year.

Note 2: Summary of Significant Accounting Policies (continued)

Assessments Receivable

Assessments receivable are stated at the amounts expected to be collected from outstanding assessments from unit owners. When necessary, the Association provides an allowance for bad debts equal to the estimated uncollectible amounts, with revenue not recognized in the current year. The Association's estimate is based on historical collection experience, a review of future economic conditions and the current status of the receivables. No amounts are considered uncollectible as of December 31, 2025, therefore, no allowance was provided.

Certificates of Deposit

Investments in certificates of deposit are recorded at the face value plus accrued interest, which approximates fair value.

Certificates of deposit held as part of the Association's replacement reserve program are presented as other assets in the accompanying balance sheet, regardless of contractual maturity, because such amounts are designated by the Board of Directors for future major repairs and replacements and are not intended to be used for current operations.

Income Taxes

The *Internal Revenue Code Section 528* stipulates that Homeowners Association be taxed as such, or as a regular corporation. The Association has elected to file as a Homeowners Association for the year ended December 31, 2025, respectively. Assessments and other income directly related to the operating and social welfare of the common good and general welfare of the community are exempt from taxation.

Uncertain Tax Positions

As of December 31, 2025, the Association has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Generally, the Association's tax returns remain open for three years after filing for federal income tax examination.

Fair Value of Financial Instruments

The carrying amount of the following financial instruments approximate their fair value due to the short maturity of the instruments: assessments receivable, prepaid assessments and accounts payable.

Use of Estimates

The presentation of the 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 reported period. Actual results could differ from those estimates.

The Association recognizes member assessment revenue for financial reporting purposes over time for both operating assessments and repair and replacement assessments. Estimated amounts are included in the revenue to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration (collectability of member assessments) is resolved. Estimates of variable consideration are estimated based upon historical experience and assessment of each case.

Note 2: Summary of Significant Accounting Policies (continued)

Members' Equity
The Association designates equity to properly account for restrictions on the expenditures resulting from actions of the Board of Directors, the Association voting membership, or Virginia statutes. The Association segregates amounts as either undesignated or designated as described below.

Undesignated – Amounts that are not designated for a special purpose and are available for the general operations of the Association.

Designated for Future Repairs and Replacements – Amounts designated for future major repairs and replacements.

Leases
The Association elected the available practical expedients to account for our existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement, if applicable.

As of December 31, 2025, the Association had no material finance or operating leases.

Note 3: Cash and Interest-Bearing Deposits

As of December 31, the Association maintained its funds as follows:

Institution	Account Type	2025
Truist	Checking	$ 17,116
Truist	Money Market	54,193
Atlantic Union	Checking	575
Atlantic Union	Savings	63,559
Total Cash		$ 135,443

Note 4: Investments in Certificates of Deposit

As of December 31, the Association maintained its funds as follows:

Institution	Purchase Date	Maturity Date	Interest Rate	2025
Atlantic Union	8/7/25	2/7/27	3.41%	$ 29,344
Atlantic Union	3/29/25	3/29/26	3.34%	8,474
Atlantic Union	8/13/25	3/13/26	3.92%	10,131
Atlantic Union	10/1/25	12/1/26	3.68%	10,092
Total Investments				$ 58,041

Note 5: 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 operating purposes and are designated by the Board of Directors for future major repairs and replacements; such designations may be changed by the Board, to the extent permitted by the Association's governing documents.

In 2024 the Association had a replacement reserve study conducted by a firm of reserve specialists to estimate the remaining lives and the replacement costs of component property. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously designated for future repairs and replacements. The table included in the supplementary information on Future Major Repairs and Replacements is based on the study. 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.

As of December 31, 2025, accumulated funds designated for repairs and replacements total approximately $122,175. Member assessments of $58,060, and an equity transfer of $23,741, were designated for future major repairs and replacements for the year ending December 31, 2025.

Note 6: Concentration of Credit Risk

The Association maintains cash accounts and investments in certificates of deposits in financial institutions, which at times is in excess of the amount insured by the Federal Deposit Insurance Corporation. As of December 31, 2025 the Association had no uninsured balances.

Note 7: Subsequent Events

Sign replacement was carried out at a cost of $3,158. The Eggar Woods playground renovation is in progress, with completion in June 2026 at an expected total cost of $12,334. Both projects are being funded from designated equity.

The Association has evaluated events and transactions through June 10, 2026, the date that the financial statements were available to be issued. Other than as disclosed above, there are no events or transactions that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

Bethelen Woods Homes Association
Supplementary Information on Future Repairs and Replacements
For the Year Ended December 31, 2025
(Unaudited)

The Association engaged a reserve advisor who conducted a study in 2024, to estimate the remaining useful lives and the replacement costs of the common property components. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future major repairs and replacements may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, levy a special assessment or delay major repairs and replacements until funds are available.

The following information is based on the study and presents significant information about the components of common property.

Components	2024 Estimated Remaining Useful Life (Years)	2024 Estimated Replacement Cost
Asphalt Restoration	3	$ 247,056
Asphalt Seal Coat	9	26,376
Asphalt Repair Allowance	3	33,746
Asphalt Footpath	3	39,847
Concrete Sidewalks	0	5,129
Concrete Curbs & Gutters	5	6,717
Entrance Signs	4-7	9,369
Light Poles and Fixtures	9	111,018
Mailbox Modules	4	7,721
Wood Footbridges	4	15,208
Tot Lot and Outdoor Furniture Allowance	10	53,289
Multi-Purpose Court Restoration, Fencing, Standards	6	160,569
Multi-Purpose Court Color Coat	11	16,934
Storm Water Drainage System Allowance	7	11,185
TOTAL		$ 744,164