Abigail D. Spanberger
Governor

Jessica K. Looman
Secretary of Labor

Laura V. McClintock
Director

June 15, 2026

Complainant: Larry Sturm
Association: The Woods Association
File Number: 2026-01628

DETERMINATION - NOTICE OF FINAL ADVERSE DECISION

Introduction

The Complainant, Larry Sturm ("Complainant"), submitted a complaint to The Woods Association ("Association") dated October 15, 2025. The Association provided a response to Complainant's complaint dated October 21, 2025. The Complainant then submitted a Notice of Final Adverse Decision ("NFAD") to the Office of the Common Interest Community Ombudsman ("Office") dated October 28, 2025.

Authority

In accordance with its regulations, this Office, as designee of the Agency Director, is responsible for determining whether a "final adverse decision may be in conflict with laws or regulations governing common interest communities." (18 Va. Admin. Code ("VAC") § 48-70-120) The process of making such a determination begins with receipt of a NFAD that has been submitted to this office in accordance with §54.1-2354.4 of the Code of Virginia of 1950, as amended ("Va. Code") and the Common Interest Community Ombudsman regulations ("Regulations"). An NFAD results from an association complaint submitted through an association complaint procedure. The association complaint must be submitted in accordance with the applicable association complaint procedure and as specifically set forth in the Regulations, "shall concern a matter regarding the action, inaction, or decision by the governing board, managing agent, or association inconsistent with applicable laws and regulations."

Under the Regulations, "applicable laws and regulations" pertain solely to common interest community laws and regulations. Any complaint that does not concern common interest community laws or regulations is not appropriate for submission through the association complaint procedure, and we cannot provide a determination on such a complaint. Common interest community law is limited to the Virginia Condominium Act, the Property Owners' Association Act, and the Virginia Real Estate Cooperative Act.

The only documents that will be considered when reviewing an NFAD, in accordance with Regulation 18 VAC 48-70-90, are the association complaint submitted by a complainant to the association (and any documents included with that original complaint), the final adverse decision from the association, and any supporting documentation related to that final adverse decision. Other documents submitted with the Notice of Final Adverse Decision cannot be reviewed or considered. Further, this Determination is final and not subject to further review or appeal pursuant to Va. Code § 54.1-2354.4(C).

If within 365 days of issuing a determination that an adverse decision is in conflict with laws or regulations governing common interest communities we receive a subsequent NFAD for the same violation, the matter will be referred to the Common Interest Community Board to take action in accordance with Va. Code §54.1-2351 or §54.1-2352 as deemed appropriate by the Board.

Discussion

The Complainant presents allegations that the Association was not following the General Accepted Accounting Principles ("GAAP"), as required by the Virginia Property Owners' Association Act ("POAA"), and provided five (5) areas where he felt that the Association did not utilize GAAP principles. In an email response to the complaint on October 21, 2025, the Association corroborated three (3) of the entries as errors, but disputes that there was anything improper about the other two (2) entries. These issues are explored in more detail below.

Va. Code §55.1-1815 requires that, for Common Interest Communities, "all financial books and records shall be kept in accordance with generally accepted accounting practices."[1] This would include the Association.

The Complainant first alleges that the June 2025, Financials Spreadsheet had a blank space in the ending balance. The error was corroborated by the Association and attributed to the manual mathematics that the Association treasurer was utilizing, as he was using the spreadsheet as a form, rather than allowing it to do the arithmetic. However, the response from the Association goes on to further say that formulas have been deployed in the Association Financials Excel spreadsheet so that the cells will be automatically populated, as needed.

The record indicates that the correct balance was added to a corrected spreadsheet following the complaint. While the Association is required to accurately report the numbers to satisfy GAAP, and thus the POAA, this Office finds that this first error, which lead to the violation of Va. Code §55.1-1815(A), has been sufficiently remediated and corrected.

The Complainant secondly alleges that dues were collected in the amount of $260.00, which was a prepayment for 2026, but that this money was reflected in the dues collected amount for the year 2025. The Complainant argues that this is a violation of the GAAP principles of periodicity and non-compensation. The Association believes that this additional money was accounted for properly, and further reports that this additional $260.00 was the result of a double payment of dues during a property transfer.

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[1] Va. Code § 55.1-1815(A).

In looking at the structure of how the spreadsheet accounted for the pre-payment of $260.00, this Office believes that this money was adequately reported and disclosed. The Complainant appears to want a separate line for deferred revenue, which is for money received in advance, usually for a service or product. In the instant case, it is for dues that are not yet due until 2026. However, given that there is a footnote that describes the exact nature of this deferred, unearned revenue, and given the nature of payment itself, this Office finds that the payment is sufficiently accounted for. So long as it is properly accounted for in the 2026 Financial spreadsheet, this Office finds no violation of the POAA regarding this allegation.

The Complainant thirdly alleges that that the July 2025 bank balance from the Association Financials Spreadsheet was not properly calculated, which created a one-dollar discrepancy (the spreadsheet shows the balance as $8,031.91, rather than proper $8,030.91, as alleged in the complaint). As with the first allegation, the error was corroborated by the Association and, as stated in allegation one, attributed to the manual mathematics that the Association treasurer was utilizing, as he was using the spreadsheet as a form, rather than allowing the spreadsheet formulas to do the arithmetic. The error has been corrected, and therefore, while this Office finds that while Va. Code §55.1-1815(A), was violated, we do not require that the Association undertake any additional measures given the timely correction of the error.[2]

The Complainant fourthly alleges that the July 2025 Operating Fund Ending Balance on the Association Financial Spreadsheet should be the same as the August 2025 Operating Fund Beginning Balance, and that balance should be $3,443.43, instead of $3,444.43. The Complainant alleges that this error violates the GAAP principle of sincerity. This error was corroborated by the Association and, as stated in allegation one (1) and allegation three (3) above, attributed to the manual mathematics that the Association treasurer was utilizing, as he was using the spreadsheet as a form, rather than allowing the spreadsheet formulas to do the arithmetic. The error has been corrected, with formulas now being used to do the calculations. Therefore, while this Office finds that the Va. Code §55.1-1815(A) was violated due to the GAAP inconsistency, we do not require that the Association undertake any additional measures given the Association's corrective actions.[3]

Finally, the Complainant alleges that $138.00 that was expended in September of 2025 for flowers at the entrance of the Association was improperly added to the September 2025, "landscape maintenance" line, instead of the "landscape misc." line. The Complainant alleges this violates the GAAP principle of sincerity, which requires that financial reports remain accurate and a proper reflection of the Association's financial status. In its response, the Association stated that in September of 2025, in addition to the Association's normal landscaping payment of $203.00, it also added $135.00 for the planting of flowers at the Association entrance sign. However, this expenditure was paid in a single check and was thus posted as a single expense under "Landscaping maintenance," with a footnote. The Association further states that it has acquiesced to the Complainant, though there is no mention of whether it admitted any wrong-doing, and split the funds up, putting the $135.00 under "Landscaping Misc.," and leaving the $203.00 under "Landscaping Maintenance."

The Complainant alleges that the flowers should have been classified as seasonal planting expenses, and thus placed under "Landscaping Misc." There is no evidence in the record that indicates

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[2] *Id.*
[3] *Id.*

that these flowers were intended to be seasonal plantings, or what should define a seasonal planting. Furthermore, there is no documentary evidence that a seasonal planting must go under the "Landscaping Misc" line as a matter of course. Therefore, this Office cannot say whether the POAA was violated, as there is not sufficient evidence to make a determination. However, we do remind the Association that whatever course it takes regarding defining the two expenditure lines, it maintains consistency in doing so.

I do, however, want to draw attention to the inadequacy of the October 21, 2025, NFAD, from the Association to the Complainant. Virginia law requires that the notice must provide specific citations to common interest community laws or regulations that led to the final determination, and the registration number of the Association.[4] This was not on the October 21, 2025, NFAD email. There must also be language to put the Complainants on notice of their right to file a notice of final adverse decision with the Common Interest Community Ombudsman and the applicable contact information.[5] This was not on the October 21, 2025, NFAD email. The Association is reminded that it must respond to complaints in a manner that is consistent with state law.

Conclusion

This Office finds that there were several minor errors made by the Association in their financial report that violated the POAA, specifically Va. Code §55.1-1815(A), because the errors were technically inconsistent with GAAP. However, the Association has taken appropriate steps to remedy the technical errors and ensure that they do not happen in the future and therefore, no further action will be required of the Association to remedy the violations.

With respect to the allegation by the complainant that the additional $260.00 collected dues in July of 2025, were not properly accounted for, this Office finds that it was sufficiently accounted for and no violation of GAAP principles, and thus the POAA, occurred.

Furthermore, while the Association did acquiesce to the Complainant's complaint regarding the placement on the spreadsheet of an expenditure related to the purchase of flowers for the entrance of the Association on, this Office finds that it does not have enough information in the record to confirm a violation the POAA violation, related to that expenditure placement.

This Office also finds that the NFAD did not comply with the provisions of 18VAC48-70-110, in providing adequate notice to the Complainant.

Required Actions

This Office recommends that the Association review its responses to its complaint procedure to ensure that all responses comply with Virginia law, specifically 18VAC48-70-50.

Please contact me if you have any questions.

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[4] *See* 18VAC48-70-50 (10).
[5] *See* 18VAC48-70-50 (11).

Respectfully,

J.S. Douglas Webster, Esquire,
CIC Ombudsman
Compliance & Investigation Division