



Gerstle, Rosen & Goldenberg, P.A.

Certified Public Accountants

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April 18, 2022

Board of Directors
Barkley Master Association, Inc.

Dear Board Members:

In planning and performing our audit of the financial statements of Barkley Master Association, Inc. for the year ended December 31, 2021, we considered the internal control in order to determine our auditing procedures. As a result of our analysis we are bringing the following recommendations to your attention:

1. The Association had a deficit of \$123,982 in 2021. As a result of this deficit the Association has a low operating fund balance. We typically recommend that Association's maintain a fund balance of at least two months' maintenance fees. The Association needs to give consideration to correcting the above, by passing a special assessment, increasing the assessment by a line item provision, or delaying expenditures, if possible.
2. The Association should ensure that the budget is prepared in accordance with the statutory requirements including the disclosure of estimated replacement values, remaining lives, and the annual required funding for statutory reserve items. This includes Painting, Roof & Paving, as well as any item having a life of more than 1 year or a replacement value of in excess of \$10,000 and should be included in the mailed budget.

The Association should also consider updating the 2015 Reserve Study.

3. The Association should ensure that the Corporate Annual Report for 2022 is filed.

We welcome the opportunity to discuss the above.

Very truly yours,

Gerstle, Rosen & Goldenberg, P.A.

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April 18, 2022

To the Board of Directors
Barkley Master Association, Inc.

We have audited the financial statements of Barkley Master Association, Inc. ("the Association") for the year ended December 31, 2021, and have issued our report thereon dated April 18, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 24, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Barkley Master Association, Inc. are described in Note 3 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. 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. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for doubtful accounts is based on an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. As applicable, management has corrected all such misstatements. There were no proposed adjusting journal entries.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 dated April 18, 2022.

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 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.

Supplementary Information Accompanying the Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

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

Very truly yours,

Gerstle, Rosen & Goldenberg, P.A.

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INSTRUCTIONS

ACCOUNTING ENTRIES AND OTHER SUPPORTING DOCUMENTS

DATE: April 18, 2022

RE: Barkley Master Association, Inc.

1. ADJUSTING JOURNAL ENTRIES

- a. If you have closed for the year, all adjustments to revenue, expenses and prior period adjustments should be put to the respective fund balance.
- b. Ensure that prior period adjustments are closed to fund balance at year end.
- c. Under normal circumstances accruals should be reversed against current expenses.

2. WORKING TRIAL BALANCE

- a. The working trial balance reflects a summary of the year end adjustments to post after closing (i.e. balance sheet accounts only).

Please call the office if you have any questions.

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BARKLEY MASTER ASSOCIATION, INC.

ADJUSTING JOURNAL ENTRIES

December 31, 2021

	CLIENT ACCOUNT NUMBER	DEBIT	CREDIT
1			
Bad Debt Expense	NEW	\$ 17,987.16	
Allowance for Bad Debt	1600		\$ 17,987.16
To adjust allowance for bad debt			
2			
Insurance Expense	5900	23,042.27	
Prepaid Insurance	1810		23,042.27
To adjust to PP Ins Schedule			
3			
Depreciation Expense	NEW	3,030.93	
Accumulated Depreciation	1935		3,030.93
To adjust Accumulated Depreciation			
		\$44,060.36	\$44,060.36

BARKLEY MASTER ASSOCIATION, INC.
POST CLOSING TRIAL BALANCE
12/31/2021

ACCOUNT TITLE	CLIENT ACCOUNT NUMBER	CLIENT T/B		ADJUSTMENTS		CPA F/S	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
<u>BALANCE SHEET</u>							
<u>ASSETS</u>							
TRUIST BANK - OPERATING	1001	\$24,179.84		-	-	\$24,179.84	
TRUIST BANK - OPERATING MM	1021	90,314.68		-	-	90,314.68	
TRUIST BANK - RESERVE	1301	2,220.75		-	-	2,220.75	
TRUIST RESERVE - MONEY MARKET	1321	15,142.16		-	-	15,142.16	
TRUIST INVESTMENT SERVICES - RESERVE	1352	1,858,645.80		-	-	1,858,645.80	
MAINTENANCE RECEIVABLE	1400	79,254.40		-	-	79,254.40	
ALLOWANCE FOR DOUBTFUL ACCOUNTS	1600		40,620.42	-	17,987.16		58,607.58
PREPAID INSURANCE	1810	104,110.42		-	23,042.27	81,068.15	
PREPAID EXPENSE	1800			-	-		
FURNITURE AND EQUIPMENT	1930	23,755.52		-	-	23,755.52	
ACCUMULATED DEPRECIATION	1935		18,314.23	-	3,030.93		21,345.16
<u>LIABILITIES AND FUND BALANCE</u>							
ACCOUNTS PAYABLE	2000			-	-		
ACCRUED EXPENSES	2010		71,110.32	-	-		71,110.32
PREPAID MAINTENANCE	2200		58,406.39	-	-		58,406.39
DEFERRED CABLE INCOME	2550			-	-		
LM FUNDING	2208		31,323.39	-	-		31,323.39
REFUNDS PAYABLE	2650		347.00	-	-		347.00
VILLA ROOF RESERVE	3100		1,398,377.64	-	-		1,398,377.64
MASTER ROOF RESERVE	3101		1,752.30	-	-		1,752.30
VILLA PAINTING RESERVE	3200		146,728.17	-	-		146,728.17
MASTER PAINTING RESERVE	3201		7,660.59	-	-		7,660.59
PAVING & SEALING	3302		226,436.16	-	-		226,436.16
MASTER A/C	3510		24,914.48	-	-		24,914.48
INFRASTRUCTURE FUND	3610		9,394.42	-	-		9,394.42
MASTER POOL	3630		37,170.76	-	-		37,170.76
INTEREST ON RESERVES	3890		22,977.77	-	-		22,977.77
SECURITIES ACCT CHANGE IN VALUE	3891		596.42	-	-		596.42
FUND BALANCE	3900		181,415.69	-	-		181,415.69
CURRENT YEAR INCOME / LOSS		79,922.58		44,060.36		123,982.94	
		\$2,277,546.15	\$2,277,546.15	\$44,060.36	\$44,060.36	\$2,298,564.24	\$2,298,564.24
		\$0.00		\$0.00		\$0.00	

ENDING MEMBERS' EQUITY PER CPA F/S SHOULD EQUAL: \$57,432.75

BARKLEY MASTER ASSOCIATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021



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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Unit Owners
Barkley Master Association, Inc.

Dear Members:

Opinion

We have audited the accompanying financial statements of Barkley Master Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in fund balance 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 Barkley Master Association, Inc. as of December 31, 2021, 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 audit 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 Barkley Master Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Barkley Master 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.

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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 Barkley Master 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 Barkley Master 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 the Supplementary Information on Future Major Repairs and Replacements 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.

Report on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Detailed Statement of Operating Revenues and Expenses Budget Comparison is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gerstle, Rosen & Goldenberg, P.A.

Gerstle, Rosen & Goldenberg, P.A.
Certified Public Accountants
Boca Raton, Florida

April 18, 2022

BARKLEY MASTER ASSOCIATION, INC.

BALANCE SHEET

December 31, 2021

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 114,495	\$ 17,363	\$ 131,858
Certificates of Deposit		1,858,646	1,858,646
Accounts Receivable, Net of Allowance For Uncollectible Accounts of \$ 58,607	20,647		20,647
Prepaid Insurance	81,068		81,068
Fixed Assets - Net	2,410		2,410
TOTAL ASSETS	<u>\$ 218,620</u>	<u>\$ 1,876,009</u>	<u>\$ 2,094,629</u>
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 31,670	\$	\$ 31,670
Accrued Expenses	71,110		71,110
Prepaid Maintenance Fees	58,406		58,406
Contract Liability - Deferred Reserves		1,852,434	1,852,434
TOTAL LIABILITIES	<u>161,186</u>	<u>1,852,434</u>	<u>2,013,620</u>
Fund Balances	<u>57,434</u>	<u>23,575</u>	<u>81,009</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 218,620</u>	<u>\$ 1,876,009</u>	<u>\$ 2,094,629</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

BARKLEY MASTER ASSOCIATION, INC.

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES**

Year Ended December 31, 2021

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUES			
Maintenance Fees	\$ 1,320,768	\$ 21,000	\$ 1,341,768
Bad Debt	(17,987)		(17,987)
Interest Income	15	3,394	3,409
Screening Fees	11,300		11,300
Late Fees	3,205		3,205
Laundry Income	11,876		11,876
Miscellaneous Income	1,679		1,679
Comcast Rebate Income	3,902		3,902
	<u>1,334,758</u>	<u>24,394</u>	<u>1,359,152</u>
TOTAL REVENUES			
EXPENSES			
Depreciation	3,031		3,031
Administrative	611,719		611,719
Utilities	574,367		574,367
Grounds Maintenance	185,109		185,109
Facilities	84,514		84,514
Reserve Expenditures		21,000	21,000
	<u>1,458,740</u>	<u>21,000</u>	<u>1,479,740</u>
TOTAL EXPENSES			
EXCESS REVENUES (OVER EXPENSES)	(123,982)	3,394	(120,588)
FUND BALANCES - BEGINNING	181,416	45,181	226,597
CONTRACT LIABILITY RECLASSIFICATION		(25,000)	(25,000)
FUND BALANCES - ENDING	<u>\$ 57,434</u>	<u>\$ 23,575</u>	<u>\$ 81,009</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

BARKLEY MASTER ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
EXCESS REVENUES (EXPENSES)	\$ (123,982)	\$ 3,394	\$ (120,588)
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Contract Liability Reclassification		(25,000)	(25,000)
Depreciation	3,031		3,031
DECREASE (INCREASE) IN ASSETS:			
Accounts Receivable - Net of Allowance	(184)		(184)
Prepaid Expenses	1,192		1,192
Prepaid Insurance	(22,359)		(22,359)
INCREASE (DECREASE) IN LIABILITIES:			
Accounts Payable	(13,874)		(13,874)
Accrued Expenses	29,838		29,838
Prepaid Maintenance Fees	6,018		6,018
Deferred Cable Rebate	(3,902)		(3,902)
Contract Liability - Deferred Reserves		100,000	100,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(124,222)</u>	<u>78,394</u>	<u>(45,828)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Certificates of Deposit		(151,646)	(151,646)
Fixed Assets	1		1
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>1</u>	<u>(151,646)</u>	<u>(151,645)</u>
NET INCREASE (DECREASE) IN CASH	(124,221)	(73,252)	(197,473)
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF PERIOD	<u>238,716</u>	<u>90,615</u>	<u>329,331</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 114,495</u>	<u>\$ 17,363</u>	<u>\$ 131,858</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

BARKLEY MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1. ORGANIZATION

Barkley Master Association, Inc. is a statutory condominium association incorporated on February 25, 1988, in the State of Florida. The Association is responsible for the operation and maintenance of the common property of Barkley Master Association, Inc. and consists of 372 units located in West Palm Beach, Florida.

2. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 18, 2022, the date that the financial statements were available to be issued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned and expenses are recorded in the period in which they are incurred.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Member Assessments

Association members are subject to monthly 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 assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments plus late fees, if applicable from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent according to its collection policy.

BARKLEY MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management determines the allowance for doubtful accounts by identifying troubled accounts through periodic review of accounts receivable aging schedules. 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. The balances of assessments receivable as of the beginning and end of the year are \$20,463 and \$20,467, respectively.

Contract Liability (Assessments received in advance - Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – Replacement Fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liability (assessments received in advance – Replacement Fund) as of the beginning and end of the year are \$1,752,434 and \$1,852,434, respectively (Note 4).

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists of checking, money market accounts, and certificates of deposit with an original maturity of 90 days or less.

Certificates of Deposit

The Association holds certificates of deposit totaling \$1,858,646, bearing various interest rates. These certificates have original maturities of greater than 90 days, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Property and Equipment

Real property not directly associated with units are recognized as assets by the Association when the Association has title to the property and either the asset can be disposed of by the Board of Directors or generates significant cash flows from members on the basis of usage or from nonmembers. Common personal property purchased with Association funds, with a useful life of more than one year, is capitalized on the Association's financial statements. Capitalized assets are depreciated over their estimated useful lives using the straight-line method of depreciation (See Note 6).

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

BARKLEY MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2021; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2021.

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida Statutes provide that each proposed budget include provisions for reserves for capital improvements and deferred maintenance. These accounts, if adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote. In addition, any special assessments adopted are also restricted to their specific purpose.

The approved budget includes provisions for reserves for capital improvements and deferred maintenance. A reserve study was conducted in September 2015 to determine the estimated funding for future repairs and replacements, as disclosed in the Supplemental information. At duly constituted meetings, the previous Boards of Directors elected to partially waive reserve funding, contrary to the studies recommendation. This will require major repairs and replacement costs to be funded through special assessments, obtaining loans or by increasing regular assessments.

BARKLEY MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2021

4. FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

The balance of the Replacement Fund at December 31, 2021, consists of the following:

	BALANCE 12/31/2020	INTEREST/ ASSESSMENTS	INSURANCE PROCEEDS	TRANSFERS	EXPENDITURES	BALANCE 12/31/2021
Master						
Painting	\$7,661	\$0	\$0	\$0	\$0	\$7,661
Paving	0					0
Roofing	1,752					1,752
Pool	37,171					37,171
Air Conditioning	24,914					24,914
Termite	0					0
Villas						
Painting	146,728					146,728
Paving	0					0
Parking Lot	226,436					226,436
Roofing	1,302,378	96,000				1,398,378
Building Fund	5,394			25,000	(21,000)	9,394
SUB-TOTAL CONTRACT LIABILITY - DEFERRED RESERVES	1,752,434	96,000	0	25,000	(21,000)	1,852,434
Fund Balance - Unallocated Interest	45,181	3,394		(25,000)		23,575
TOTAL LIABILITIES AND FUND BALANCE	\$1,797,615	\$99,394	\$0	\$0	(\$21,000)	\$1,876,009

The Association does not allocate interest earned on the replacements fund to specific replacement components as earned, but does so periodically depending on projected requirements. During 2021, the Board of Directors transferred \$25,000 to the Building fund.

The \$21,000 expended from the building fund consist of roof repairs.

BARKLEY MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2021

5. INCOME TAXES

The Association is subject to federal and state taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments (Section 277 of the Internal Revenue Code).

The other method enables the Association to elect to exclude from taxation "exempt function income," (Section 528 of the Internal Revenue Code), which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different rates.

The Association filed its 2021 federal income tax return on Form 1120H under Section 528 of the Internal Revenue Code.

There is no current year provision for income taxes.

The Association has evaluated its tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC").

The Association has no income tax returns under examination by the Internal Revenue Service. The Association believes it is no longer subject to income tax examinations for years prior to 2018.

6. FIXED ASSETS AND DEPRECIATION

The property recognized as assets are:

	Useful Lives	Cost
HD Camera System	5 Years	\$4,534
Golf Cart 1	5 Years	3,500
Security Camera	5 Years	4,070
Garage Door	7 Years	7,800
Golf Cart 2	5 Years	3,852
Subtotal		23,756
Less: Accumulated Depreciation		21,346
Fixed Assets - Net		<u>\$2,410</u>

Depreciation is computed on a straight-line basis over the useful lives of the category. The current year depreciation is \$3,031.

BARKLEY MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2021

7. DEFERRED CABLE REBATE / COMCAST REBATE INCOME

On July 31, 2011, the Association entered in to a cable contract with Comcast for 10 years. As a signing incentive, the Association received a Comcast Rebate of \$66,960 and elected to record it as Deferred Cable Rebate on the Balance Sheet. The rebate will be amortized over the contract period. This treatment matches the current year revenue recognized against a portion of the Cable TV expense.

During 2021, the Association recognized \$3,902 of Comcast Rebate Income on the Statement of Revenues, Expenses, and Changes in Fund Balance leaving no Deferred Cable Rebate on the Balance Sheet.

The Association entered into a new agreement with Xfinity (Comcast) in December 2021 for 6 years. As a signing incentive, the Association will be receiving a door fee of \$120 for a total of \$44,640. The rebate will be recognized as has been in prior years as Deferred Cable Income on the Balance Sheet. This income will be amortized over the contract period.

8. COMMITMENTS

The Association has various contract services to maintain the common property including management services, cable television service, common area landscaping, pool service, trash service and pest control services. These contracts have different expiration dates and renewal terms.

LM FUNDING

The Association entered into an agreement with LM Funding, LLC and Business Law Group, PA for the purpose of delinquent account collection in August 2019.

9. CONTINGENCIES

Insurance Deductible

The current property insurance policy contains a deductible for hurricane damage. Should the Association incur an uninsured loss, the Association has the right to increase maintenance fees, pass a special assessment or delay repairs until funds are available.

Legal

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. As of the date of this report, management believes that there are no claims or complaints of which it is currently aware that will materially affect its business, financial position, or future operating results.

BARKLEY MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
Continued

December 31, 2021

9. CONTINGENCIES (Continued)

COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements, and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus began causing business disruptions domestically beginning in January 2020 that are anticipated to continue for the near future. The Association may be impacted but the extent of the impact on the Association's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, related travel restrictions and the impact of the COVID-19 pandemic on overall demand for the Association's services. As of the date of this report, the impact cannot be predicted.

SUPPLEMENTARY INFORMATION

BARKLEY MASTER ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2021
(Unaudited)

The Association has conducted an independent study done in September 2015 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates from historical experience. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following presents significant information about the components of common property:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES</u>	<u>ESTIMATED CURRENT REPLACEMENT COSTS</u>
Site and Grounds	0 - 5 Years	\$579,500
Building Exteriors	0 - 24 Years	1,984,500
Mechanical and Electrical	0 Years	50,500
Interiors and Amenities	0 - 16 Years	<u>163,000</u>
TOTAL		<u><u>\$2,777,500</u></u>

The 2022 budget includes \$96,000 of funding for the Replacement Fund.

See independent auditors' report.

BARKLEY MASTER ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON

Year Ended December 31, 2021

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>REVENUES:</u>			
Maintenance Fees	1,320,768	1,321,082	(314)
Bad Debt	(17,987)	0	(17,987)
Interest Income	15	300	(285)
Screening Fees	11,300	8,000	3,300
Late Fees	3,205	3,000	205
Laundry Income	11,876	15,000	(3,124)
Miscellaneous Income	1,679	450	1,229
Cable Income	3,902	0	3,902
Total Revenues	<u>1,334,758</u>	<u>1,347,832</u>	<u>(13,074)</u>
<u>EXPENSES:</u>			
<u>DEPRECIATION</u>			
Depreciation	<u>3,031</u>	<u>0</u>	<u>(3,031)</u>
TOTAL DEPRECIATION	<u>3,031</u>	<u>0</u>	<u>(3,031)</u>
<u>ADMINISTRATIVE</u>			
General Administration	5,436	300	(5,136)
Office Supplies	4,091	5,000	909
Printing & Postage	1,934	1,500	(434)
Copying Expense	2,784	1,500	(1,284)
Internet	2,037	2,400	363
Loan Repayment	2,465	0	(2,465)
Accounting Fees	4,900	4,900	0
Legal Fees	12,585	5,000	(7,585)
Travel/Transportation	19	232	213
Management Service	285,977	275,000	(10,977)
Insurance	289,491	225,000	(64,491)
TOTAL ADMINISTRATIVE	<u>611,719</u>	<u>520,832</u>	<u>(90,887)</u>

See independent auditors' report.

BARKLEY MASTER ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES
BUDGET COMPARISON**

Year Ended December 31, 2021

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u>EXPENSES(Continued):</u>			
<i><u>UTILITIES</u></i>			
Electricity	50,837	45,000	(5,837)
Water & Sewer	277,985	255,000	(22,985)
Telephone	1,338	1,500	162
Cable	234,927	235,000	73
Trash Removal	9,280	8,900	(380)
TOTAL UTILITIES	<u>574,367</u>	<u>545,400</u>	<u>(28,967)</u>
<i><u>GROUNDS MAINTENANCE</u></i>			
Landscape Service	111,594	107,600	(3,994)
Fertilization & Pest Control	2,175	2,500	325
Landscape Replacement	6,805	8,000	1,195
Tree Trimming	11,500	8,000	(3,500)
Irrigation Service	5,036	20,000	14,964
Tools/Equipment	864	1,000	136
Pest Control - Termite	47,135	45,500	(1,635)
TOTAL GROUNDS MAINTENANCE	<u>185,109</u>	<u>192,600</u>	<u>7,491</u>
<i><u>FACILITIES</u></i>			
Roof Repair & Maintenance	9,715	4,200	(5,515)
Janitorial Supplies & Maintenance	2,657	2,500	(157)
Villas Maintenance	34,779	30,000	(4,779)
Villas Plumbing	2,454	20,000	17,546
Other Maintenance	2,036	15,000	12,964
Golf Cart Expense	893	2,000	1,107
Clubhouse Repairs & Maintenance	10,931	5,300	(5,631)
Pool Facility	11,025	7,500	(3,525)
Pool Supplies	10,024	2,500	(7,524)
TOTAL FACILITIES	<u>84,514</u>	<u>89,000</u>	<u>4,486</u>
Total Operating Expenses	<u>1,458,740</u>	<u>1,347,832</u>	<u>(110,908)</u>
Excess Operating Revenues (Expenses)	<u>(\$123,982)</u>	<u>\$0</u>	<u>(123,982)</u>

See Independent auditors' report.

Form **1120-H**

Department of the Treasury
Internal Revenue Service

**U.S. Income Tax Return
for Homeowners Associations**

Go to www.irs.gov/Form1120H for instructions and the latest information.

OMB No. 1545-0123

2021

For calendar year 2021 or tax year beginning _____, and ending _____

TYPE OR PRINT	Name BARKLEY MASTER ASSN INC	Employer identification number 65-0040497
	Number, street, and room or suite no. If a P.O. box, see instructions. 2605 BARKLEY DRIVE EAST	Date association formed 02/25/1988
	City or town, state or province, country, and ZIP or foreign postal code WEST PALM BEACH FL 33415	

Check if: (1) Final return (2) Name change (3) Address change (4) Amended return

A Check type of homeowners association: Condominium management association Residential real estate association Timeshare association

B Total exempt function income. Must meet 60% gross income test. See instructions	1,401,986
C Total expenditures made for purposes described in 90% expenditure test. See instructions	1,414,101
D Association's total expenditures for the tax year. See instructions	1,479,740
E Tax-exempt interest received or accrued during the tax year	

Gross Income (excluding exempt function income)

1 Dividends	
2 Taxable interest	3,409
3 Gross rents	
4 Gross royalties	
5 Capital gain net income (attach Schedule D (Form 1120))	
6 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	
7 Other income (excluding exempt function income) (attach statement) STMT 1	28,757
8 Gross income (excluding exempt function income). Add lines 1 through 7	32,166

Deductions (directly connected to the production of gross income, excluding exempt function income)

9 Salaries and wages	
10 Repairs and maintenance	
11 Rents	
12 Taxes and licenses	
13 Interest	
14 Depreciation (attach Form 4562)	
15 Other deductions (attach statement) STMT 2	70,228
16 Total deductions. Add lines 9 through 15	70,228
17 Taxable income before specific deduction of \$100. Subtract line 16 from line 8	-38,062
18 Specific deduction of \$100	100

Tax and Payments

19 Taxable income. Subtract line 18 from line 17	-38,162									
20 Enter 30% (0.30) of line 19. (Timeshare associations, enter 32% (0.32) of line 19.)	0									
21 Tax credits (see instructions)										
22 Total tax. Subtract line 21 from line 20. See instructions for recapture of certain credits	0									
23a 2020 overpayment credited to 2021	23a									
b 2021 estimated tax payments	23b							c Total ▶		23c
d Tax deposited with Form 7004	23d									
e Credit for tax paid on undistributed capital gains (attach Form 2439)	23e									
f Credit for federal tax paid on fuels (attach Form 4136)	23f									
g Add lines 23c through 23f	23g									
24 Amount owed. Subtract line 23g from line 22. See instructions	0									
25 Overpayment. Subtract line 22 from line 23g										
26 Enter amount of line 25 you want: Credited to 2022 estimated tax ▶ Refunded ▶										

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below? See Instr. Yes No

Sign Here Signature of officer _____ Date _____ Title _____

Paid	Print/Type preparer's name ROBERT N ROSEN CPA	Preparer's signature	Date 04/18/22	Check <input type="checkbox"/> if self-employed	PTIN P00930797
Preparer Use Only	Firm's name ▶ GERSTLE, ROSEN & GOLDENBERG, P.A.			Firm's EIN ▶ 65-0675434	
	Firm's address ▶ 3835 NW BOCA RATON BLVD STE 100 BOCA RATON, FL 33431-5861			Phone no. 561-447-4000	

For Paperwork Reduction Act Notice, see separate instructions. Form **1120-H** (2021)

Statement 1 - Form 1120-H, Line 7 - Other Income

<u>Description</u>	<u>Amount</u>
SCREENING	\$ 11,300
CABLE CONTRACT INCENTIVE	3,902
LAUNDRY INCOME	11,876
MISCELLANEOUS INCOME	1,679
TOTAL	\$ <u>28,757</u>

Statement 2 - Form 1120-H, Line 15 - Other Deductions

<u>Description</u>	<u>Amount</u>
ACCOUNTING	\$ 500
MANAGEMENT FEES	34,317
INSURANCE	26,054
ELECTRICITY	1,017
WATER & SEWER	8,340
TOTAL	\$ <u>70,228</u>

Gerstle, Rosen & Goldenberg, P.A.
3835 NW BOCA RATON BLVD STE 100
BOCA RATON, FL 33431-5861
561-447-4000

Filing Instructions

BARKLEY MASTER ASSN INC

Form 1120-H

U.S. Income Tax Return for Homeowners Associations

Taxable Year Ended December 31, 2021

Date Due: October 17, 2022

Remittance: None is required. No amount is due or overpaid.

Mail To: Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0012

Signature: The return should be signed and dated by an authorized officer of the corporation.