



**The Truman Annex
Master Property Owners'
Association, Inc.**

**FINANCIAL STATEMENTS (AND
SUPPLEMENTARY INFORMATION)**

December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
The Truman Annex Master Property Owners' Association, Inc.
Key West, Florida

Opinion

We have audited the accompanying financial statements of The Truman Annex Master Property Owners' Association, Inc., which comprise the Balance Sheet as of December 31, 2021, and the related Statements of Revenue, 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 The Truman Annex Master Property Owners' 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 describe in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Truman Annex Master Property Owners' 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 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 The Truman Annex Master Property Owners' 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.

Auditors' 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, including omissions, 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risk. 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 The Truman Annex Master Property Owners' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Truman Annex Master Property Owners' 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 others matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Truman Annex Master Property Owners' Association, Inc.'s 2020 financial statements, in our report dated February 15, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information contained in the Schedule of Changes in Accumulated Funds for Future Major Repairs and Replacements and Schedule of Operating Fund Revenue and Expenses – Budget and Actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the 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.

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, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

April 12, 2022

The Truman Annex Master Property Owners' Association, Inc.
Balance Sheet

<i>December 31,</i>	2021			2020	
	Operating Fund	Replacement Fund	Total	Total (For Comparative Purposes)	
Assets					
Cash	\$ 483,262	\$ 437,444	\$ 920,706	\$	642,703
Certificates of deposit	-	206,338	206,338	\$	204,688
Accounts receivable, net	30,245	-	30,245	\$	45,176
Prepaid expenses	14,143	-	14,143	\$	14,825
Easement use right, net	46,360	-	46,360	\$	48,282
Property and equipment, net	7,490	-	7,490	\$	13,894
Utility deposit	4,051	-	4,051	\$	3,910
Interfund balance	53,824	(53,824)	-	\$	-
Total assets	\$ 639,375	\$ 589,958	\$ 1,229,333	\$	973,478
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 17,099	\$ -	\$ 17,099	\$	7,365
Accrued liabilities	42,735	-	42,735	\$	32,049
Prepaid assessments	159,089	-	159,089	\$	129,494
Performance obligation	-	589,958	589,958	\$	575,845
Other liabilities	-	-	-	\$	375
Total liabilities	218,923	589,958	808,881	\$	745,128
Fund balance	420,452	-	420,452	\$	228,350
Total liabilities and fund balance	\$ 639,375	\$ 589,958	\$ 1,229,333	\$	973,478

The accompanying notes are an integral part of these financial statements

The Truman Annex Master Property Owners' Association, Inc.
Statement of Revenue, Expenses and Changes in Fund Balance

<i>For the year ended December 31,</i>	2021			2020	
	Operating Fund	Replacement Fund	Total	Total (For Comparative Purposes)	
Revenue					
Regular assessments	\$ 907,300	\$ 73,887	\$ 981,187	\$ 975,706	
Special assessment	26,746	-	26,746	-	
Shared use revenue	359,588	-	359,588	316,683	
Interest income	773	1,379	2,152	2,611	
Miscellaneous income	186,049	-	186,049	154,489	
Total revenue	1,480,456	75,266	1,555,722	1,449,489	
Expenses					
Administrative	449,392	-	449,392	454,153	
Depreciation	6,404	-	6,404	5,145	
Insurance	19,474	-	19,474	17,919	
Maintenance and repairs	206,400	75,266	281,666	324,898	
Personnel	570,158	-	570,158	544,456	
Utilities	36,526	-	36,526	43,833	
Total expenses	1,288,354	75,266	1,363,620	1,390,404	
Excess of Revenue over Expenses	192,102	-	192,102	59,085	
Beginning Fund Balance	228,350	-	228,350	169,265	
Ending Fund Balance	\$ 420,452	\$ -	\$ 420,452	\$ 228,350	

The accompanying notes are an integral part of these financial statements

The Truman Annex Master Property Owners' Association, Inc.
Statement of Cash Flows

<i>For the year ended December 31,</i>	2021		2020	
	Operating Fund	Replacement Fund	Total	Total (For Comparative Purposes)
Operating Activities				
Excess (Deficit) of revenue over expenses	\$ 192,102	\$ -	\$ 192,102	\$ 59,085
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided (used) by operating activities:				
Depreciation	6,404	-	6,404	5,145
Amortization	1,922	-	1,922	1,922
Loss (gain) of sale on assets		-	-	(2,734)
Changes in operating assets and liabilities:				
Accounts receivable, net	14,931	-	14,931	(26,748)
Prepaid expenses	682	-	682	(1,327)
Utility deposits	(141)	-	(141)	-
Accounts payable	9,734	-	9,734	(10,323)
Prepaid assessments	29,595	-	29,595	(49,458)
Performance obligation	-	14,113	14,113	19,594
Other liabilities	10,311	-	10,311	7,280
Interfund balance	(43,047)	43,047	-	-
Net cash provided (used) by operating activities	222,493	57,160	279,653	2,436
Investing Activities				
Proceeds from sale of equipment		-	-	3,500
Purchase of equipment		-	-	(16,286)
Redemption (purchase) of certificates of deposit	-	(1,650)	(1,650)	(1,797)
Net cash provided (used) by investing activities	-	(1,650)	(1,650)	(14,583)
Net Increase (Decrease) in Cash	222,493	55,510	278,003	(12,147)
Cash at Beginning of Year	260,769	381,934	642,703	654,850
Cash at End of Year	\$ 483,262	\$ 437,444	\$ 920,706	\$ 642,703

The accompanying notes are an integral part of these financial statements

The Truman Annex Master Property Owners' Association, Inc.

Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

The Truman Annex Master Property Owners' Association, Inc. (the "Association"), a Florida not-for-profit corporation, was formed on August 19, 1987. Membership in the Association consists of the 269 residential unit owners of this Florida homeowners association. The homeowners association is located in Key West, Florida.

The Association was organized for the purpose of maintaining and protecting the elements owned by the unit owners in common, including roads, parking areas, pools, landscaping, fencing, and recreational areas and facilities. Disposition of common area property requires consent of the members in accordance with the governing documents and Florida Statutes.

All policy decisions, including the annual budget and owners' assessments, are formulated by the Board of Directors. Decisions are referred to the general Association membership before action is taken, when so required by the governing documents of the Association.

Management and accounting services are provided to the Association by The Community Association Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs). The financial statements include certain prior year summarized comparative information in total but not by fund. Also, certain prior year disclosures are not included. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Funds

The Association is a not-for-profit organization which employs the fund method of accounting in order to properly account for restrictions on the expenditures resulting from actions of the Board of Directors, the Association voting membership, or applicable Florida Statute. The financial statements segregate the accounting for such funds as Operating or Replacement Funds. At the end of the year, excess funds are retained by the fund generating such excess during the year.

The Truman Annex Master Property Owners' Association, Inc.

Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Operating Fund is used to account for financial resources available for the general operation of the Association. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors.

The Replacement Fund is generally used to account for assessments made for major repair and replacement of common property, and related expenses. Disbursements from the Replacement Fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association membership. Interest income earned in the Replacement Fund is allocated to the pooled reserve component.

Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with an original maturity of 90 days or less.

Accounts Receivable from Owners and Allowance for Doubtful Accounts

Accounts receivable from owners are reported at the outstanding balance due from owners, net of any allowance for doubtful accounts. The Association provides for doubtful accounts based on experience and analysis of individual accounts. When the collectability of a receivable becomes questionable, an allowance for doubtful accounts is established. When specific accounts are determined to be uncollectable, they are written off by charging the allowance and crediting the receivable. At December 31, 2021, the allowance for doubtful accounts totaled \$10,000.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Balance Sheet. These items will be expensed over the applicable usage period.

Capitalization and Depreciation

Real property acquired by the Association is capitalized when it (a) is used to generate significant cash flows from members on the basis of usage or from nonmembers or (b) can be disposed of for cash with the Association retaining the proceeds. Real property acquired by the Association that does not meet these guidelines is not capitalized, and accordingly, replacements, major repairs, and improvements to this property are not capitalized; instead, they are reported as expenses in the fund making the expenditure. Real property that does not meet the criteria to capitalize is identified in Note 1.

Personal property acquired by the Association is capitalized at cost. It is depreciated over its estimated useful life using the straight-line method.

Contract Assets and Liabilities

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported on the Balance Sheet as of December 31, 2021. Contract liabilities represent revenue collected in advance of the contract period or amounts billed in excess of revenue recognized. These liabilities are reported on the Balance Sheet as prepaid assessments and performance obligation liabilities.

The Truman Annex Master Property Owners' Association, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Association recognizes revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. For purposes of this Association, the definition of customers includes the Association's members.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 12, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 3: OWNERS' ASSESSMENTS

Revenue and expenses are allocated to the unit owners equally, and accordingly, assessment rates are established using this formula. The rate for 2021 was approximately \$925 per quarter. Budgeted assessments for the year ended December 31, 2021 totaled \$995,300 of which \$88,000, was allocated to the Replacement Fund.

The following table reconciles budgeted regular assessments to the amounts recognized as assessment revenue in the Statement of Revenue, Expenses and Changes in Fund Balance:

<i>For the year ended December 31,</i>	2021		
	Operating Fund	Replacement Fund	Total
Budgeted regular assessments	\$ 907,300	\$ 88,000	\$ 995,300
Less additions to performance obligation	-	(88,000)	(88,000)
Add releases from performance obligation	-	73,887	73,887
Total assessments	\$ 907,300	\$ 73,887	\$ 981,187

NOTE 4: REVENUE RECOGNITION

As disclosed in Note 2 to the financial statements, the Association's customers consist of its members, which are unit owners within the development. The contracts between these customers and the Association primarily relate to maintaining, managing and providing access to the property and amenities owned in common by the unit owners.

The Truman Annex Master Property Owners' Association, Inc.
Notes to Financial Statements

NOTE 4: REVENUE RECOGNITION (Continued)

Performance Obligations

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenue from contracts with customers over time with the exception of reserve assessments, which are being recognized at a point in time. As of December 31, 2021, the Association has reported a performance obligation liability totaling \$589,958, relating to the future major repair and/or replacement of specific components of common property. The assessments related to this performance obligation are generally reported in the Replacement Fund and will be recognized as revenue at the point in time when the funds are expended for their designated purpose.

Significant Judgments

For those revenue items recognized over time, the Association generally utilizes the input method of measurement, where revenue is recognized based on the Association's efforts towards the satisfaction of a performance obligation. For Operating Fund amounts, revenue is recognized as time elapses and the Association performs routine maintenance, protection and management of the common area property. For Replacement Fund amounts, the Association recognizes revenue at the point in time when reserve expenses are incurred. Special assessments are recognized to the extent of their related special assessment project expenses.

Disaggregated Revenue

The Association derives its revenue from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenues and cash flows. The following chart contains disaggregated revenue information that reflects these qualitative factors.

<i>For the year ended December 31,</i>	2021
<i>Recognized over time</i>	
Operating fund assessments	\$ 907,300
Shared use	359,588
Miscellaneous income	186,049
<i>Recognized at a point in time</i>	
Replacement fund assessments	73,887
Special assessments	26,746
<i>Not subject to ASC Topic 606</i>	
Interest income	2,152
Total revenue	\$ 1,555,722

The Truman Annex Master Property Owners' Association, Inc.
Notes to Financial Statements

NOTE 4: REVENUE RECOGNITION (Continued)

The following table presents information about accounts receivable, contract assets, and contract liabilities:

<i>For the year ended December 31,</i>	2021
Accounts receivable, net - beginning balance	\$ 45,176
Accounts receivable, net - ending balance	30,245
 Contract liabilities	
Prepaid assessments - beginning balance	129,494
Prepaid assessments - ending balance	159,089
Performance obligation liabilities - beginning balance	575,845
Performance obligation liabilities - ending balance	589,958

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association’s governing documents and Florida Statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. The Association has adopted a program to accumulate funds for estimated future major repairs and replacements through regular assessments. The Association uses the cash flow method for accounting for future major repairs and replacements which pools the reserve components.

The Board of Directors annually reviews the major components of common property. As a part of this review, the Board re-evaluates the estimated remaining useful lives and the estimated replacement costs of each of the components of the Replacement Fund. Where applicable, licensed contractors and architects are consulted regarding useful lives and replacement costs. The Board of Directors last performed a review of the estimated replacement costs, remaining lives, and funding requirements for the reserve components in 2021, based on professional reserve study performed in 2014.

The Association is funding for future major repairs and replacements over the estimated useful lives of the components based on their study's estimates of replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding amount of \$88,000, based on a full funding plan, was included in the 2021 budget.

Actual expenditures may vary from the estimated amounts and the variations may be significant; therefore, amounts accumulated in the Replacement Fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

The Truman Annex Master Property Owners' Association, Inc.

Notes to Financial Statements

NOTE 6: INCOME TAXES

The Association elected to file its tax return for 2021 as a regular corporation on Form 1120. As such, the Association must comply with Internal Revenue Code (IRC) Section 277, which applies to certain membership organizations. Under IRC Section 277, the Association is required to separate membership income and expenses from non-membership income and expenses. Each component is taxed separately; however, net membership income is exempt from taxation if certain elections are made. For the year ended December 31, 2021, the Association had a net non-membership loss of \$22,468 which can be carried forward to offset up to 80% of taxable income in a future years, if needed. No federal or state income taxes are due for fiscal year 2021.

The \$65,985 net operating loss carryforward provides a deferred tax asset of approximately \$13,857. However, since the Association does not expect to have significant non-membership income in the future and since it is more likely than not that this deferred tax asset will not be realized in the future, a valuation allowance of approximately \$13,857, was used to reduce this deferred tax asset.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association's policy is to record interest expense or penalties related to income tax in (operating) expense. For the year ended December 31, 2021, no interest or penalties were paid or accrued. The Association is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2018.

NOTE 7: CONTINGENCY

The Association is self-insured for windstorm due to windstorm insurance being unavailable for the year ended December 31, 2021. Thus, a significant windstorm event in the future could result in the Association increasing regular assessments or levying a special assessment if funds accumulated by the Association in the Replacement fund are inadequate to meet future windstorm repair needs.

NOTE 8: CREDIT RISK

The Association assesses regular and special assessments to its members. It is the Association's policy to turn over significantly past due accounts for collection and to file liens against the individual condominium units. Should the collection of any such liens be enforced by the sale of the unit, the collectability of the receivable is dependent on the quick sale market value of the unit, and the amount of any such other liens that have priority. Market value may be influenced by the real estate market in Key West, Florida.

The Association places its cash and certificates of deposit with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC insured limit.

The Truman Annex Master Property Owners' Association, Inc.
Notes to Financial Statements

NOTE 9: CERTIFICATES OF DEPOSIT

At December 31, 2021, the Association had \$206,338 of Replacement Fund monies in three certificate of deposits at two local financial institutions. The carrying value of these certificates of deposit is based on cost plus accrued interest, which approximates fair value.

NOTE 10: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

December 31,	2021
Auto	\$ 48,005
Improvements	178,334
Machinery and equipment	6,255
Total cost	232,594
Less accumulated depreciation	(225,104)
Property and equipment, net	\$ 7,490

Depreciation for the year ended December 31, 2021 was \$6,404.

NOTE 11: LINE OF CREDIT

The Association has secured a line of credit with a financial institution with a maximum borrowing potential of \$400,000 and an interest rate based on the bank's prime lending rate. The line will expire on April 12, 2026, requires monthly payments of interest, and is secured by the assignment of (1) \$111,000 certificate of deposit held at the lending institution and (2) the right to owners' assessment fees and lien the Association. There was no outstanding balance on the line of credit at December 31, 2021.

NOTE 12: INTERFUND BALANCES

As of December 31, 2021, the Replacement Fund owes \$53,824 to the Operating Fund due to the Operating Fund paying for the Replacement Fund expenses of the Association. The Association anticipates that the Replacement Fund will repay this interfund loan in 2022.

NOTE 13: SHARED USE AGREEMENTS

The Association has a shared use agreement with Shipyard Condominium Association, Inc. whereby the Association splits the cost of security personnel. The Association incurred approximately \$389,000 in security personnel costs for the year ending December 31, 2021, of which a total of approximately \$125,000 was reimbursed from Shipyard Condominium Association, Inc. and included in Shared use revenue on the accompanying Statement of Revenue, Expenses and Changes in Fund Balance.

The Truman Annex Master Property Owners' Association, Inc.
Notes to Financial Statements

NOTE 13: SHARED USE AGREEMENTS (Continued)

The Association has a shared use agreement with Harbour Place Condominium Association, Inc., Shipyard Condominium Association, Inc., The Foundry Homeowners' Association, Inc., Mills Place Condominium Association, Inc., Porter Court Condominium Association, Inc., and The Community Association Company whereby the Association splits the cost of maintenance personnel. The Association incurred approximately \$298,000 in maintenance personnel costs for the year ending December 31, 2021, of which a total of approximately \$234,500 was reimbursed from these entities.

NOTE 14: EASEMENT USE RIGHT AGREEMENTS

In October 1992, the Association was granted an easement from the U.S. Navy for the construction, installation, operation, maintenance, repair, and replacement of a storm water drainage pipeline and for use of an existing government-owned storm water drainage pipeline. This easement is for a period of fifty years and was granted upon payment of \$89,300 from the Association to the U.S. Navy. This amount will be amortized over the life of the easement. At December 31, 2021, accumulated amortization totaled \$52,376 and the carrying value of this intangible asset is \$36,924, which is included in easement use right, net on the accompanying Balance Sheet. This asset is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If such events or circumstances indicate the cost of any long-lived asset may be impaired, an evaluation of recoverability would be performed. Management believes no impairment exists for these assets.

In June 1991, the Association was granted an easement from the owners of building 45 for the right to use a certain portion of the lot upon which the building is situated. This easement is for a period of ninety-nine years and was granted upon the Association's waiving of sixty months of assessments and fees with respect to building 45 totaling \$13,459. This amount will be amortized over the life of the easement. At December 31, 2021, accumulated amortization totaled \$4,023 and the carrying value of this asset is \$9,436, which is included in easement use right, net on the accompanying Balance Sheet.

Easement use right expense for the year ended December 31, 2021 totaled \$1,922, which is included in administrative expense on the accompanying Statement of Revenue, Expenses and Changes in Fund Balance.

NOTE 15: SPECIAL PARCEL ASSESSMENT

The Association levied a special parcel assessment in 2021 totaling \$26,746 in order to fund a paving project. The project expenses totaled the same amount as the expenses and was complete as of December 31, 2021. As such, \$26,746 of special assessment revenue and corresponding expenses of the same amount have been recognized on the accompanying Statement of Revenue, Expenses and Changes in Fund Balance.

Supplementary Information

The Truman Annex Master Property Owners' Association, Inc.
Schedule of Changes in Accumulated Funds for Future Major Repairs and
Replacements

<i>For the year ended December 31,</i>		2021		
Component	Beginning Balance	Additions	Subtractions	Ending Balance
Pooled items:				
Painting			\$ 17,500	
Paving			43,795	
Frame street signs			4,794	
Miscellaneous			9,177	
Total	\$ 575,845	\$ 89,379	\$ 75,266	\$ 589,958

<i>December 31,</i>		2021
Performance obligation liability		\$ 589,958
Replacement fund balance		-
Total		\$ 589,958

The Truman Annex Master Property Owners' Association, Inc.
Schedule of Operating Fund Revenue and Expenses – Budget and Actual

For the year ended December 31,

2021

	Actual	Budget (Unaudited)	Variance Favorable (Unfavorable) (Unaudited)
Revenue			
Regular assessments	\$ 907,300	\$ 907,300	\$ -
Special assessments	26,746	-	26,746
Shared use revenue	359,588	304,310	55,278
Interest income	773	300	473
Miscellaneous Income	186,049	139,360	46,689
Total revenue	1,480,456	1,351,270	129,186
Expenses			
Administrative	449,392	464,021	14,629
Depreciation	6,404	-	(6,404)
Insurance	19,474	17,629	(1,845)
Maintenance and repairs	206,400	249,195	42,795
Personnel	570,158	551,304	(18,854)
Utilities	36,526	46,200	9,674
Total expenses	1,288,354	1,328,349	39,995
Excess of revenue over expenses	\$ 192,102	\$ 22,921	\$ 169,181

**The Truman Annex Master Property Owners' Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
(Unaudited)**

The following table is based on the Board's review and presents significant information about the components of common property.

Component	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Accumulated Funds at 12/31/21
Other Paving	1-22	\$ 660,441	
Paving - Porter Court	0	25,255	
Paving - Fleming Street	0	25,025	
Swimming pool	1-15	71,969	
Street Signs	8-26	23,080	
Gate Contollers	7	19,600	
Gates & Fencing	2-4	77,298	
Street Lights	1	67,650	
Waste Pump	0	34,600	
Sewer Lines	15	280,000	
Building Fund	0-16	33,000	
Total		\$ 1,317,918	\$ 589,958