

**WHITLEY BAY
CONDOMINIUM ASSOCIATION, INC.**

**Financial Statements and Supplementary Information
with
Independent Accountants' Review Report**

December 31, 2021

Table of Contents

	Page
Independent Accountants' Review Report	2 - 3
Financial Statements:	
Balance Sheet.....	4
Statement of Revenues and Expenses and Changes in Fund Balances	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7 - 10
Supplementary Information:	
Schedule of Operating Fund Revenues and Expenses	12 – 13
Schedule of Changes in Contract Liabilities for Replacement Fund.....	14
Supplementary Information on Future Major Repairs and Replacements	15



KMETZ • ELWELL • GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Accountants' Review Report

To the Board of Directors
Whitley Bay Condominium Association, Inc.
Cocoa, Florida

We have reviewed the accompanying financial statements of Whitley Bay Condominium Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues and expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

We are required to be independent of Whitley Bay Condominium Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information in the schedule of operating fund revenues and expenses and the schedule of changes in contract liabilities for replacement fund balances on pages 12-14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information (except for the budget information, which was not subjected to the review procedures applied in our review of the basic financial statements, but was compiled from information that is the responsibility of management, on which we do not express an opinion, a conclusion, nor provide any assurance on it) has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on it.

2800 Ocean Drive • Vero Beach, Florida 32963 • T: 772.231.6902 • F: 772.231.4099
1575 Indian River Boulevard, Suite C240 • Vero Beach, Florida 32960 • T: 772.231.1440 • F: 772.569.4423

www.kegacpa.com

Michael L. Kmetz, CPA, PFS • Brian J. Elwell, CPA • Patrick K. Graham, CPA • Aurelius J. (Reese) Brackins, CPA • H. James Reamy, III, CPA
Ralph Beach, III, CPA, MST • James F. McGuigan, Jr., CPA • Stephanie Freetly, CPA • Jeannie Heran, CPA • Anette Gosselin, CPA

To the Board of Directors
Whitley Bay Condominium Association, Inc.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 15 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, which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have compiled the required supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

August 15, 2022

Whitley Bay Condominium Association, Inc.

Balance Sheet

December 31, 2021

2021			
	Operating Fund	Replacement Fund	Total
Assets			
Cash	\$ 114,534	\$ 393,189	\$ 507,723
Assessments receivable	1,400	-	1,400
Prepaid insurance	1,679	-	1,679
Prepaid expenses	4,200	-	4,200
Utility deposits	1,717	-	1,717
	\$ 123,530	\$ 393,189	\$ 516,719
Liabilities and Fund Balance			
Accounts payable	\$ 172	\$ -	\$ 172
Accrued expenses	14,083	-	14,083
Prepaid assessments	10,138	-	10,138
Reimbursable deposits	1,250	-	1,250
Contract liabilities (assessments received in advance)	-	393,189	393,189
	25,643	393,189	418,832
Fund Balance	97,887	-	97,887
	\$ 123,530	\$ 393,189	\$ 516,719

See Independent Accountants' Review Report and accompanying notes to financial statements.

Whitley Bay Condominium Association, Inc.
Statement of Revenues and Expenses and Changes in Fund Balances
Year ended December 31, 2021

	2021		
	Operating Fund	Replacement Fund	Total
Revenues			
Regular assessments	\$ 434,376	\$ 62,074	\$ 496,450
Interest and other income	5,524	1,727	7,251
	439,900	63,801	503,701
Expenses			
General and administrative	94,125	-	94,125
Building and equipment	127,475	-	127,475
Recreational facilities	20,139	-	20,139
Landscape and grounds	18,388	-	18,388
Utilities	181,782	-	181,782
Capital improvements	-	63,801	63,801
	441,909	63,801	505,710
Excess (deficit) of revenues over expenses	(2,009)	-	(2,009)
Fund Balance, beginning of year	99,896	-	99,896
Fund Balance, end of year	\$ 97,887	\$ -	\$ 97,887

See Independent Accountants' Review Report and accompanying notes to financial statements.

Whitley Bay Condominium Association, Inc.
Statement of Cash Flows
Year ended December 31, 2021

	2021		
	Operating Fund	Replacement Fund	Total
Cash flows from operating activities:			
Assessments collected	\$ 436,071	\$ 102,456	\$ 538,527
Interest and other income received	5,524	1,727	7,251
Cash paid for expenditures	(445,318)	(63,801)	(509,119)
Net cash provided by (used for) operating activities	(3,723)	40,382	36,659
Net increase (decreased) in cash	(3,723)	40,382	36,659
Cash, beginning of year	118,257	352,807	471,064
Cash, end of year	\$ 114,534	\$ 393,189	\$ 507,723
Reconciliation of excess of revenues over expenses to net cash provided by operating activities:			
Excess (deficit) of revenues over expenses	\$ (2,009)	\$ -	\$ (2,009)
(Increase) decrease in:			
Assessments receivable	(1,400)	-	(1,400)
Prepaid insurance	(1,191)	-	(1,191)
Prepaid expenses	2,057	-	2,057
Increase (decrease) in:			
Accounts payable	(3,025)	-	(3,025)
Prepaid assessments	3,095	-	3,095
Reimbursable deposits	(1,250)	-	(1,250)
Contract liabilities	-	40,382	40,382
Net cash provided by (used for) operating activities	\$ (3,723)	\$ 40,382	\$ 36,659

See Independent Accountants' Review Report and accompanying notes to financial statements.

Whitley Bay Condominium Association, Inc.
Notes to Financial Statements
For the year ended December 31, 2021

Note 1 – Nature of Organization

Whitley Bay Condominium Association, Inc. (the Association) was incorporated on December 18, 2002, under the laws of the State of Florida. The Association is organized as a not-for-profit corporation for the purposes of maintaining and preserving the common property of the Association consisting of 64 residential condominium units in Cocoa, Florida.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting.

Fund Accounting

The Association presents separate funds based on its different funding policies for operations and capital replacements.

The operating fund reflects the operating assessments paid by unit owners to meet the regular, recurring costs of operations. Expenditures of this fund are limited to those connected with the day-to-day operations and the replacements, major repairs and the purchase of additional commonly owned assets for which no replacement fund component has been established. The income and expenses of the Association are allocated to the unit owners based on the number of units.

The replacement fund is composed of all capital assessments paid by unit owners to fund future replacements and major repairs of certain commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were levied. Interest earned on the replacement fund cash accounts is retained in the fund.

All assessments receivable and prepaid assessments are deemed due to or from the operating fund. The Association's policy is to fund fully within the replacement funds each month without regard to underpayments or overpayments by members to the operating fund.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of property owners whose assessments are ninety days or more delinquent. Any excess operating funds at year-end are retained by the Association for use in future operating periods.

Common Property and Equipment

Ownership of commonly owned assets is vested directly or indirectly in the unit owners and these assets are not deemed to be severable. As a result, commonly owned assets are not reflected in the Association's financial statements. The Association's policy is to expense property in the year it is purchased.

Whitley Bay Condominium Association, Inc.

Notes to Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The financial position of the Association at December 31, 2021, includes certain financial instruments that may have a fair value that is different from the value currently reflected in the financial statements. In reviewing the financial statements of the Association, certain assumptions and methods were used to determine the fair value of each category of financial instruments for which it is practicable to estimate that value.

The carrying amounts of the Association's financial instruments generally approximate their fair values at December 31, 2021.

Subsequent Events

Management has evaluated subsequent events through August 15, 2022, the date the financial statements were available to be issued.

Note 3 – Cash Balances

Financial instruments which potentially subject the Association to a concentration of credit risk include cash held at financial institutions, which may exceed FDIC insurance limits or be subject to risks associated within the underlying securities. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to its cash balances.

Note 4 – Income Taxes

Associations may elect to be taxed under Internal Revenue Code ("IRC") Section 277, which applies to certain membership organizations, or under IRC Section 528, which applies specifically to homeowner associations as that term is defined for tax purposes. For the year ended December 31, 2021, the Association was taxed under the provisions of IRC Section 528 (Federal Form 1120-H). 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.

The Association's federal income tax returns for 2018, 2019, 2020 and 2021 are subject to examination by the IRS, generally for three years after they were filed. In addition, the Association's state tax returns for the same years are subject to examination by state tax authorities for similar time periods. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Note 5 – Future Major Repairs and Replacements

Florida Statutes require the Association to accumulate funds for future major repairs and replacements. Accumulated funds are held in separate interest bearing accounts and generally are not available for expenditures for normal operations.

In connection with preparing the budget, the Board of Directors conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary information on future major repairs and replacements is based on the study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of \$102,456 has been included in the 2022 budget. Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. 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.

Note 6 – Contingencies

The Association is a party to various legal actions normally associated with associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in the opinion of management, would not be material to the future financial condition of the Association.

Note 7 – Land Lease

The Association (the lessee) entered into a lease agreement on December 29th, 2003 with Whitley Bay Marina, Inc. (the lessor) for a period of ninety-nine years with options to renew at expiration. The lease includes the exclusive use of "non-shared" property (a swimming pool and a whirlpool and related equipment, deck surface, and restrooms) and the use of "lessor-shared" property (elevators and certain other common areas located within the lessor's recreation/dock master building).

The Association is responsible for all costs and expenses related to the "non-shared" property and recognizes such expenses as incurred.

The Association is also responsible for its pro rata portion of certain costs and expenses related to the "lessor-shared" property which primarily consist of property insurance and elevator maintenance and repairs. The Association is invoiced by Whitley Bay Marina annually for the preceding year's shared expense(s) and accrues a shared-use liability on a monthly basis in the interim. The accrued liability as of December 31, 2021 is \$9,896.

Note 8 – Risks and Uncertainties

In March 2020, a global pandemic was declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The pandemic has significantly impacted the economic conditions in the United States, including disrupting supply chains and affecting production and sales across a range of industries. The extent of the ultimate effects of COVID-19 on the Organization's operating and financial performance cannot be predicted at this time, as they are dependent on many factors, including, but not limited to: (i) the duration and spread of the outbreak, (ii) the impact on owners, staff, and service providers, and (iii) the impact on the local, state, national and global economies.

Note 9 – Revenue Recognition

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 the performance obligations related to replacement reserve assessments. The balances of contract liabilities as of the beginning and end of the year are \$352,807 and \$393,189 respectively. The effects of the performance obligation approach under ASC 606 results in the following adjustments between income, expenses, and cash flows:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
Revenue			
Reserve assessments	\$ 102,456	\$ (40,382)	\$ 62,074
Excess of revenues over expenses	\$ 40,382	\$ (40,382)	\$ -
Cash Flows			
Excess of revenues over expenses	\$ 40,382	\$ (40,382)	\$ -
Increase in contract liabilities	\$ -	\$ 40,382	\$ 40,382

SUPPLEMENTARY INFORMATION

Whitley Bay Condominium Association, Inc.
Schedule of Operating Fund Revenues and Expenses
Year ended December 31, 2021

	2021		
	Actual	Budget	Variance Favorable (Unfavorable)
		(Unaudited)	(Unaudited)
Revenues			
Regular assessments	\$ 434,376	\$ 434,376	\$ -
Interest and other income	5,524	4,100	1,424
	439,900	438,476	1,424
Expenses			
General and Administrative:			
Management fees	13,484	12,984	(500)
Professional fees	2,493	3,120	627
Licenses and fees	387	396	9
Admin/office supplies	1,125	1,260	135
Insurance	72,684	65,904	(6,780)
Telephone	2,520	3,000	480
Miscellaneous administrative	1,432	1,728	296
	94,125	88,392	(5,733)
Building and Equipment:			
General repairs and maintenance	87,232	38,084	(49,148)
Maintenance labor costs	46,299	45,180	(1,119)
Janitorial contract and supplies	24,411	24,900	489
Elevator expenses	10,072	10,716	644
Fire system	9,074	9,780	706
Supplies and equipment	11,494	8,544	(2,950)
Security and safety	790	-	(790)
Pest control	1,904	2,004	100
Transfers from reserves	(63,801)	(14,004)	49,797
	127,475	125,204	(2,271)
Recreational Facilities:			
Clubhouse repairs and supplies	1,653	2,700	1,047
Pool maintenance contract	4,200	4,200	-
Pool repairs and supplies	4,385	2,400	(1,985)
Shared pool expenses	9,601	10,080	479
Pool & spa permits	300	300	-
	20,139	19,680	(459)

Whitley Bay Condominium Association, Inc.
Schedule of Operating Fund Revenues and Expenses (continued)
Year ended December 31, 2021

	2021		
	Actual	Budget	Variance Favorable (Unfavorable)
	(Unaudited)	(Unaudited)	(Unaudited)
Landscape and Grounds:			
Landscape maintenance contract	7,449	9,900	2,451
Fertilizer/pest control	1,280	1,200	(80)
Tree trimming	990	2,700	1,710
Plants/sod/mulch	8,669	8,004	(665)
Irrigation repairs and maintenance	-	300	300
	18,388	22,104	3,716
Utilities:			
Electric	46,449	44,100	(2,349)
Water/sewer	43,368	46,788	3,420
Gas	16,876	19,260	2,384
Cable	59,675	59,448	(227)
Trash removal	15,414	13,500	(1,914)
	181,782	183,096	1,314
	441,909	438,476	(3,433)
Excess (deficit) of revenues over expenses	\$ (2,009)	\$ -	\$ (2,009)

See Independent Accountants' Review Report and accompanying notes to financial statements.

Whitley Bay Condominium Association, Inc.
Schedule of Changes in Contract Liabilities for Replacement Fund
Year ended December 31, 2021

Component	Beginning Contract Liabilities	Increases	Decreases	Interfund Transfers	Ending Contract Liabilities
Roofing	\$ 65,530	\$ -	\$ -	\$ (65,530)	\$ -
Roads/parking lots/pavers	6,576	-	-	(6,576)	-
Elevators	48,563	-	-	(48,563)	-
Mechanical and electrical	73,860	-	-	(73,860)	-
Pool/spa/clubhouse	6,749	-	-	(6,749)	-
Furniture, fixtures, equipment	36,184	-	-	(36,184)	-
Miscellaneous components	36,196	-	-	(36,196)	-
Pooled reserves	60,452	102,456	63,801	294,082	393,189
Unallocated interest	18,697	1,727	-	(20,424)	-
	\$ 352,807	\$ 104,183	\$ 63,801	\$ -	\$ 393,189

See Independent Accountants' Review Report and accompanying notes to financial statements.

Whitley Bay Condominium Association, Inc.
Supplementary Information on Future Major
Repairs and Replacements (Unaudited)

In connection with preparing the budget, the Board of Directors conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property. When applicable, estimates were obtained from licensed contractors who inspected the property. The following table is based on the study and presents significant information about the components of common property:

Component	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2022 Approved Budgeting Requirement	Components of Contract Liabilities at 12/31/2021
Pooled reserves	0 - 40 years	1,505,215	102,456	393,189
Unallocated interest	n/a	-	-	-
		\$1,505,215	\$ 102,456	\$ 393,189

See Independent Accountants' Review Report and accompanying notes to financial statements.