

CARTER & COMPANY

Certified Public Accountants, LLC

543 Harbor Blvd.
Suite 201
Destin, Florida 32541
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www.cartercpa.net

November 21, 2019

Board of Directors
Grand Panama Beach Resort Condominium Association, Inc.
c/o Resort Collection Association Management
495 Richard Jackson Blvd.
Panama City Beach, FL 32407

We are pleased to confirm our understanding of the services we are to provide for Grand Panama Beach Resort Condominium Association, Inc. for the year ended December 31, 2019.

We will audit the financial statements of Grand Panama Beach Resort Condominium Association, Inc. which comprise the balance sheet as of December 31, 2019, 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. The document we submit to you will include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board (FASB). Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our 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, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements. The supplemental schedules include the following:

1. Schedule of Changes in Replacement Fund Balances
2. Schedule of Operating Fund Revenues and Expenses Budget to Actual

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Grand Panama Beach Resort Condominium Association, Inc.'s financial statements. Our report will be addressed to the board of directors and members of the association of Grand Panama Beach Resort Condominium Association, Inc. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to withdraw from this engagement.

CARTER & COMPANY

Certified Public Accountants, LLC

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected owners, creditors, and financial institutions. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We will also request written representations from the Association's attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Association and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

Other Services

We will prepare the Association's federal and state income tax returns for the year ended December 31, 2019 based on information provided by you. We will also assist in preparing the financial statements of Grand Panama Beach Resort Condominium Association, Inc. in conformity with U.S. generally assisted accounting principles based on the information provided by you.

We will perform the services in accordance with applicable professional standards, including the *Statements on Standards for Tax Services* issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statements and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

CARTER & COMPANY

Certified Public Accountants, LLC

Management Responsibilities

You are responsible for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Association from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring the Association complies with applicable laws and regulations. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management with suitable skills, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, receivables, and other confirmations we request and will locate any documents selected by us for testing.

Christine Carter is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit when this agreement is executed and received by our firm and to complete your tax return(s) and issue our report no later than April 30, 2020.

Our fee for these services is \$6,500. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter, and our fees will be adjusted accordingly. Our invoices are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

CARTER & COMPANY

Certified Public Accountants, LLC

Very truly yours,



Christine E. Carter, CPA
Carter & Company, CPA, LLC

RESPONSE:

This letter correctly sets forth the understanding of Grand Panama Beach Resort Condominium Association, Inc.

Governance

Signature: _____

Title: _____

Date: _____



Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRItcpa.com

December 19, 2019

Grand Panama Beach Resort Condominium Association, Inc.
Resort Collection Association Management
495 Richard Jackson Blvd.
Panama City Beach, FL 32407

We are pleased to confirm our acceptance and understanding of the services we are to provide for Grand Panama Beach Resort Condominium Association, Inc. for the year ended December 31, 2019.

We will audit the financial statements of Grand Panama Beach Resort Condominium Association, Inc. ("Association"), which comprise the balance sheet as of December 31, 2019, 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 (the financial statements). The document we submit to you will include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board (FASB). Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it. The following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our 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, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of Changes in Replacement Fund Balance
- 2) Schedule of Operating Revenue and Expenses, Actual vs Budget

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Grand Panama Beach Resort Condominium Association, Inc.'s financial statements. Our report will be addressed to the Board of Directors and members of Grand Panama Beach Resort Condominium Association, Inc. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected owners, creditors, and financial institutions. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We will also request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Association and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

Other Services

We will prepare the Association's federal and state income tax returns for the year ended December 31, 2019 based on information provided by you. We will also prepare the financial statements of Grand Panama Beach Resort Condominium Association, Inc. in conformity with U.S. generally accepted accounting principles based on the information provided by you.

We will perform the services in accordance with applicable professional standards, including the *Statements on Standards for Tax Services* issued by the American Institute of Certified Public Accountants.

The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

You are responsible for designing, implementing, and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the association from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Tax Return Preparation

We will use our professional judgment in preparing your return. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. In

accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a position that in our professional judgment will not meet the applicable laws and standards promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or circumstances of these penalties, please contact us.

The return may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in our fees for the preparation of the tax return.

Certain communications involving tax advice may be privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

The Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will advise you if we identify such a situation, and we will discuss those tax positions that may increase the risk of exposure to penalties and any recommended disclosures before completing the preparation of the return.

If we conclude that we are obligated to disclose a position and you refuse to permit disclosure, we reserve the right to withdraw from the engagement. Likewise, where we disagree about the obligation to disclose a position, you also have a right to choose another professional to prepare your return. In either event, you agree to compensate us for our services to the date of the withdrawal. Our engagement with you will terminate upon our withdrawal.

You are responsible for the safeguarding of assets, for the proper recording of transactions in the books of accounts, for the substantial accuracy of the financial records, and the full and accurate disclosure to us of all relevant facts affecting the return. You also have final responsibility for the tax return and, therefore, the appropriate Association officials should review the return carefully before an authorized officer signs and files it.

If, during our work, we discover information that affects prior year tax return, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior year return.

If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended return as a separate engagement.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, receivables, and other confirmations we request and will locate any documents selected by us for testing.

K. Alan Jowers is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for these services will be \$12,500 for audit and tax preparation. We agree that if we receive the initial year end trial balance by February 5, 2020, we will have the final audit report issued no later than April 30, 2020. Should we not meet this deadline, you will receive a discount of \$1,500. This fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Dispute Resolution

In the event of a dispute between the parties which arises out of or relates to this contract or engagement letter, the breach thereof or the services provided or to be provided hereunder, and, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or some other dispute resolution procedure, they will first try in good faith to resolve the dispute through non-binding mediation. The mediation will be administered by the American Arbitration Association under its Dispute Resolution Rules for Professional Accounting and Related Services Disputes. The costs of any mediation proceedings shall be shared equally by all parties.

Limitation of Liability

Except as provided in this agreement, CRI shall not be liable for incidental, consequential, exemplary, special, punitive or ancillary damages of any kind alleged as a result of any cause of action from this agreement, whether arising out of breach of contract, tort or otherwise. Unless otherwise stated in this agreement, both CRI and you agree that the total cumulative liability of CRI (including its employees, directors, officers or agents), shall not exceed the amount of fees earned by CRI related to this engagement during the twelve months preceding the event giving rise to the claim, as such amount shall serve as a reasonable prospective estimate of any damages which you may suffer through any breach by CRI of the terms of this agreement, as such damages may be speculative or impossible to calculate. If there are unpaid fees owed to CRI, this cumulative liability will be reduced by the value of the unpaid fees with no additional interest or charges, as CRI retains the right to offset any sums claimed as due and owed by you, by any sums to which it is legally entitled. This limitation shall apply whether or not further

damages are foreseeable, or whether either party (or its employees, agents, officers or directors) have been advised of the possibility of such damages.

Governing Law; Venue

This agreement and performance hereunder shall be governed by the laws of the State of Florida, without reference to any conflict of laws rules or principles. Any action or proceeding arising from or relating to this agreement must be brought in a state or federal court having jurisdiction in Walton County, Florida, and each party irrevocably submits to the jurisdiction and venue of any such court in any such action or proceeding and agrees to waive any defenses to venue and jurisdiction including forum non conveniens.

Statute of Limitations

The parties agree that there shall be a one-year statute of limitation (from the delivery of the service or termination of the contract) for the filing of any requests for arbitration, lawsuit, or proceeding related to this agreement. If such a claim is filed more than one year, or the minimum durational period having been determined as permissible by applicable statutory law or by a court of competent jurisdiction, subsequent to the delivery of the service or termination of the contract, whichever occurs first in time, then it shall be precluded by this provision, regardless of whether or not the claim has accrued at that time.

Electronic Data Communication and Storage and Use of Third Party Service Provider

In the interest of facilitating our services to your company, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to your company may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

To enhance our services to you, we will use a combination of remote access, secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use certain of these tools and in addition to execution of this acknowledgement and engagement letter, you may be required to execute a separate client acknowledgement or agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools and agree to indemnify and hold CRI harmless with respect to any and all claims arising from or related to the operation of these tools. While we may back up your files to facilitate

our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records. While we may back up your files to facilitate our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records. In the event you suffer a loss of any files or records due to accident, inadvertent mistake, or Act of God, copies of which you have provided to us pursuant to this agreement, we shall not be responsible or obligated to provide you a copy of any such file or record which we may retain in our possession.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

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

RESPONSE:

This letter correctly sets forth the understanding of Grand Panama Beach Resort Condominium Association, Inc.

Signature: _____

Title: _____

Date: _____

PROPOSAL
TO
PROVIDE

Audit and Tax Services

for

Grand Panama Beach Resort Condominium Association, Inc.



Tipton, Marler, Garner & Chastain
The CPA Group

Amy D. Pfau, CPA, - Shareholder

January 8, 2020

501 W. 19th Street

Panama City, FL 32405

(850) 769-9491

FAX: (850) 785-9590

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Board of Directors
Grand Panama Beach Resort Condominium Association, Inc.

We are pleased to submit our proposal to perform independent auditing and tax services for Grand Panama Beach Resort Condominium Association, Inc. We have extensive experience with serving the needs of our clients within the condominium and homeowners' association industry. Due to the special accounting rules of procedure and regulations that apply to this industry, we have designated specific personnel to serve our condominium and homeowners' association clients. These individuals maintain proficiency in this field by participating in local and state associations and attending seminars on topics related to condominium and homeowners' associations. Our qualified team of accounting professionals offer the breadth of experience and specialized training needed to provide accounting services to our clients in this industry.

Amy D. Pfau, CPA, will supervise all work for Grand Panama Beach Resort Condominium Association, Inc. and will make sure that all information provided to your Board is of the highest quality. If the Board of Directors have any questions regarding this proposal, they are encouraged to contact Mrs. Pfau at:

Tipton, Marler, Garner & Chastain
501 W. 19th Street
Panama City, Florida 32405
(850) 769-9491

We thank you for the opportunity to present this proposal and trust that you will find it complete and responsive to your request.

Panama City, Florida
January 8, 2020

501 W, 19th Street
P.O. Box 1100
Panama City, FL 32402-1100
(850) 769-9491
FAX: (850) 785-9590

600 Grand Panama Blvd., Ste. 360
P.O. Box 18409
Panama City Beach, FL 32413
(850) 233-1360
FAX: (850) 233-1941

Firm Profile

Tipton, Marler, Garner & Chastain is a full-service accounting and consulting firm with six shareholders and over twenty-five professionals on staff.

Our professional objectives are to provide the highest quality service in a timely manner. With an emphasis on versatility and flexibility, we tailor all our services to the individual needs of our clients. As members of the American Institute of Certified Public Accountants, Division of Firms Private Companies Practice Section, we undergo an independent review of our accounting and auditing practice. This is to insure our compliance with the stringent quality control standards established by the AICPA.

We are especially proud of our experience in the field of condominiums and homeowners' associations which can be readily seen from the fact that we are presently involved in providing auditing and/or accounting services to a number of condominium and homeowners' associations in Northwest Florida.

Also, our participation in the North Gulf Coast Florida Chapter of the Community Association Institute helps keep us abreast of new developments and changes.

In addition to the quality accounting and audit services which we provide, we believe one of our greatest strengths is the wide range of support that we can provide for your association's operations. We are always available to assist you in any of your particular needs. For our condominium and homeowners' association clients, this has taken the form of such services as:

- Preparation of federal and state corporate income tax returns
- Preparation of County tangible returns
- Assistance with financial requirements related to reserves
- General assistance in the day-to-day recording of accounting transactions of an unusual nature

Our staff is always eager and willing to serve the needs of our clients, no matter how large or how small. At **Tipton, Marler, Garner & Chastain**, we believe that our efficiency in handling the specialized needs of large clients has never hindered our ability to provide the personal assistance that is often needed by our smaller clients.

Our Qualifications

Tipton, Marler, Garner & Chastain is highly qualified to provide accounting services to condominium and homeowners' associations.

- A. Personnel that would be assigned to your account have a working knowledge of applicable Florida Statutes and regulations.
- 1) Chapter 718 & 720, Florida Statutes, set forth specific guidelines and parameters for condominiums and homeowners' associations in areas such as budgeting.
 - 2) Chapter 61B-15 through 61B-25 of the "Rules of the Department of Business Regulation, Division of Florida Land Sales and Condominiums" sets forth additional in-depth guidance related to financial administration. In recent years, there have been numerous changes to these rules.
 - 3) Our firm is knowledgeable of the rules and regulations of the IRS regarding the taxation of condominium and homeowners' associations, such as Internal Revenue Code Section 277 and Section 528 on Membership Associations, and Revenue Ruling 70-604 on the non-taxation of excess assessments.
 - 4) Our firm maintains current up-to-date reference material of all such rules and legislation. Our staff attends training classes on its interpretation and application.
- B. We are members of the following professional associations:
- American Institute of Certified Public Accountants
 - Florida Institute of Certified Public Accountants
 - Community Association Institute
- C. We are independent, both in fact and appearance, with respect to the Association.



Audit Approach

The audit of Grand Panama Beach Resort Condominium Association, Inc. will be broken down into three phases: planning the audit, performing audit procedures, and reporting. The audit will be conducted in accordance with auditing standards generally accepted in the United States, promulgated by the American Institute of Certified Public Accountants (AICPA). The audited financial statements will comply with Florida Statutes Chapter 718.

The planning phase of the audit will begin as soon as possible after the contract for audit services is awarded. Auditing Standards require us to gain an understanding of the entity and its control environment. Auditing Standards codification requires us to identify risks of material misstatement of the financial statements due to fraud and to develop appropriate responses to those risks. Our process begins with:

- gathering information through inquiries and discussions.
- obtaining a general understanding of the Association, its internal control, and assess audit risks.
- making inquiries of management and others.
- considering whether fraud risk factors, that is opportunities, incentives, and attitudes, are present.
- performing preliminary analytical procedures.

We accumulate all information gathered during audit planning that may be relevant to the identification of fraud risks. We synthesize this information to identify potential risks and identify which of the potential fraud risks could result in material misstatement of the financial statements. We develop appropriate responses to identified risks by considering our overall approach to the audit, and the nature, timing, and extent of planned procedures. Subsequent to our audit planning, we will review the work program with the audit committee before audit procedures begin.

Audit procedures will be performed both at our office and at the Association's office, as necessary. These procedures will consist of examining documentary evidence to support transactions, confirmation of balances, and other procedures to provide competent, evidential matter upon which to base our opinion on the financial statements. Any findings relating to the financial data, internal controls, or compliance with laws and regulations will be discussed with the Association's audit committee both during and at the end of fieldwork. All findings are "proposed" and are open for discussion and rebuttal. This provides management with an opportunity to present additional information or describe circumstances for our consideration which may assist us in arriving at our opinions and conclusions with respect to the Association's financial statements.

Reporting consists of preparing and reporting on the financial statements and disclosures. These financial statements will be prepared well in advance of issuance and a draft will be submitted for review and approval by the Association's management. Financial statements will be issued in final form when this process is complete. We will also prepare a management letter in identifying any material weaknesses or significant deficiencies in the internal control structure. We will also communicate certain matters to the audit committee, in the form of a letter. Matters to be communicated include, if applicable, auditor responsibilities, accounting policies, estimates, audit adjustments, disagreements, and difficulties with management.

Similar Engagements

Venture Out at Panama City Beach
4345 Thomas Dr.
Panama City Beach, FL 32408
Anna Stephens, Manager
(850) 234-2247

Pinnacle Port Community Association, Inc.
23223 Front Beach Rd.
Panama City Beach, FL 32413
Jack Chumley, Manager
(850) 234-9994

Sterling Breeze Owners' Association, Inc.
C/O Emerald View Resorts
16701 Front Beach Rd.
Panama City Beach, FL 32413
Kathy Hobbs, Manager
(850) 234-2002

Aquavista of Panama City Beach Owners' Association, Inc.
C/O FirstService Residential
17155 Front Beach Rd.
Panama City Beach, FL 32413
Martha Abt, Manager
(850) 622-6222

Wild Heron Property Owners' Association, Inc.
C/O Burg Management
1110 Prospect Promenade
Panama City Beach, FL 32413
Victor Web, Manager
(850) 235-1008

The Commodore Owners' Association, Inc.
4715 Thomas Drive
Panama City Beach, FL 32408
Deborah Hyde, Manager
(850) 234-8699

Fee Information

Our professional fees are based on our best assessment of the time and resources required in performing the audit and fee estimates are based on the understanding that unexpected circumstances will not be encountered during the audit, the overall condition of the financial and accounting records is excellent, and that we will receive the support from your personnel necessary for the preparation of requested schedules and other supporting documentation. If significant additional time is necessary, we will discuss it with you and arrive at a new fee.

The estimated fees for the audit and tax return for the year ended December 31, 2019 are as follows:

<u>Estimated Fees</u>	<u>2019</u>
Preparation of audited financial statements	\$8,650
Preparation of corporate income tax return	\$850

TELEPHONE CALLS AND RESPONSE TO INQUIRIES...

It is our policy to encourage our clients to contact us for advice before an event occurs rather than after. Accordingly, we respond promptly to telephone inquiries.

We do not charge for brief telephone discussions; however, some telephone inquiries may result in research which may be billed, depending on the time required.

Appendix A - Biographies

Amy D. Pfau, CPA	8
Samantha N. Coppedge	9

Biography



Amy D. Pfau, CPA

Amy is a shareholder at Tipton, Marler, Garner & Chastain. She has more than 16 years of experience in the accounting profession. She has experience in performing various types of audits including governmental, not-for-profit, condominiums, and construction, preparing various types of federal and state tax returns, performing accounting services, and preparing financial statements.

Education

- B.S. Accounting - Florida State University
- A.A. Business / Accounting - Gulf Coast Community College - Summa Cum Laude
- Certified Public Accountant - Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Miracle Strip Chapter of Certified Public Accountants
- Florida Board of Accountancy

Community Affiliations

- Bay County Chamber of Commerce
- North Gulf Coast Chapter of the Community Association Institute
- Leadership Bay Class 2016-2017
- First Responders Appreciation Task Force

Relevant Experience

- Condominium and Homeowner Associations
- Non-profit
- Governmental
- Federal Single Audits
- Florida Single Audits
- Construction
- Commercial

Amy D. Pfau, CPA
Shareholder
amy.pfau@cpagroup.com
www.cpagroup.com

Biography



Samantha N. Coppedge

Samantha is a Senior Auditor / Accountant at Tipton, Marler, Garner & Chastain. She has experience in performing audits of condominium associations and not-for-profits, as well as preparing various corporate tax returns, performing accounting services, and preparing financial statements.

Education

- B.S. Accounting - Florida Sate University
- A.A. Business / Accounting - Gulf Coast State College

Professional Affiliations

- Florida Institute of Certified Public Accountants (FICPA)

Community Affiliations

- North Gulf Coast Chapter of the Community Association Institute
- Bay County Chamber of Commerce

Samantha N. Coppedge
Senior Auditor / Accountant
samantha.coppedge@cpagroup.com
www.cpagroup.com



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