

# CARTER & COMPANY

Certified Public Accountants, LLC

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July 22, 2025

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

We have audited the financial statements of Grand Panama Beach Resort Condominium Association, Inc. for the year ended December 31, 2024, and we will issue our report thereon dated July 22, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 10, 2025. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Grand Panama Beach Resort Condominium Association, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Area	Accounting policy	Judgements and sensitive estimate	Auditor's conclusion on quality of accounting policy and application
Replacement funding	The Association has adopted a plan to accumulate funds for estimated future major repairs and replacements through regular assessments. The Board of Directors annually reviews the major components of common property and includes a funding amount in the annual budget, unless appropriately waived by a vote of Association membership.	As part of the annual review, the Board generally reevaluates the estimated remaining useful lives and estimated replacements costs of each replacement fund component. These amounts are based on a professional reserve study that was performed in 2023. Based on the estimates of remaining useful lives and replacement costs, and considering amounts previously accumulated, the Board of Directors estimated a reserve funding amount in the current year budget. Actual expenditures may vary from the estimated amounts and the variations may be significant.	The Association's policies are in accordance with all applicable guidelines.

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

## *Difficulties Encountered in Performing the Audit*

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

## *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In connection with our audit, we proposed the following material adjustments which were corrected by management:

<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
AJE to adjust beginning balances and equity balances			
1500	Right of use asset	245,864.00	
2999	Retained Earnings	57,150.52	
3100	Reserve Equity	25,894.00	
3250	Insurance Equity	2,292.90	
9060	Insurance Reimbursement	30,453.79	
2500	Lease liability		245,864.00
3100	Reserve Equity		135.00
31301	Reserve Fund Balance		25,759.00
3300	Prior Year Retained Earnings		67,387.60
4103	Miscellaneous Income		3,529.28
4104	Interest Income: Operating		2,141.25
7335	R&M Exterior		16,839.08
<b>Total</b>		<b>361,655.21</b>	<b>361,655.21</b>
<b>Adjusting Journal Entries JE # 2</b>			
AJE to adjust special assessment			
1072	Accumulated Depreciation	920,847.77	
11350	Unbilled special assessment	951,197.00	
2310	Unearned Special Assessment Revenue	920,847.77	
2310	Unearned Special Assessment Revenue		951,197.00
2315	Special Assessment Project Expense		920,847.77
9006	Special Assessment Income		22,994.55
9007	Special Assessment Expense		897,853.22
<b>Total</b>		<b>2,792,892.54</b>	<b>2,792,892.54</b>
<b>Adjusting Journal Entries JE # 3</b>			
AJE to record depreciation			
7970	Depreciation Expense	58,974.00	
1072	Accumulated Depreciation		58,974.00
<b>Total</b>		<b>58,974.00</b>	<b>58,974.00</b>
<b>Adjusting Journal Entries JE # 4</b>			
AJE to record loan cost amortization			
7930	Loan Interest	7,467.28	
2750	Unamortized Debt Costs		7,467.28

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<b>Total</b>		<u><u>7,467.28</u></u>	<u><u>7,467.28</u></u>
<b>Adjusting Journal Entries JE # 5</b>			
AJE to adjust insurance related accounts			
1060	Prepaid Insurance	180,802.00	
6300	Insurance & Bonds	4,145.00	
2405	Insurance Payable		184,947.00
<b>Total</b>		<u><u>184,947.00</u></u>	<u><u>184,947.00</u></u>
<b>Adjusting Journal Entries JE # 6</b>			
AJE to adjust allowance			
7910	Bad Debt	13,624.58	
1042	Allowance for Doubtful Accounts		13,624.58
<b>Total</b>		<u><u>13,624.58</u></u>	<u><u>13,624.58</u></u>
<b>Adjusting Journal Entries JE # 7</b>			
AJE to adjust lease			
2500	Lease liability	26,605.00	
1500	Right of use asset		26,605.00
<b>Total</b>		<u><u>26,605.00</u></u>	<u><u>26,605.00</u></u>
<b>Adjusting Journal Entries JE # 8</b>			
AJE to adjust loan balance to statement			
2400	Loan Payable	8,866.16	
7930	Loan Interest		8,866.16
<b>Total</b>		<u><u>8,866.16</u></u>	<u><u>8,866.16</u></u>

## *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 22, 2025.

## *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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## *Supplementary Information Accompanying the Audited Financial Statements*

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

## *Required Supplementary Information*

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

This information is intended solely for the use of the Board of Directors of Grand Panama Beach Resort Condominium Association, Inc. and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

*Carter & Company*