

BAREFOOT RESORT NONRESIDENTIAL  
OWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2022

**TOOHEY & DIEZ CPA'S, LLC**  
**Certified Public Accountants**  
1341 44<sup>th</sup> Avenue N Suite 206  
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Barefoot Resort Nonresidential Owners Association, Inc.,

We have reviewed the accompanying financial statements of Barefoot Resort Nonresidential Owners Association, Inc., which comprise the balance sheet as of December 31, 2022, 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 conclusion.

We are required to be independent of Barefoot Resort Nonresidential Owners Association, Inc. and to meet our 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.

**Required Supplementary Information**

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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.

Toohey & Diez CPA's, LLC  
Myrtle Beach, South Carolina  
April 10, 2023

Barefoot Resort Nonresidential  
Owners Association, Inc.  
**Balance Sheet**  
As of December 31, 2022

Assets	
Cash & Cash Equivalents	\$21,875
Prepaid Insurance	5,724
Total Assets	<u>\$27,599</u>
Liabilities and Fund Balances	
Liabilities	
Accounts Payable	\$80
Prepaid Assessments	23,321
Total Liabilities	<u>23,401</u>
Fund Balances	
Prior Year Fund Balance	4,083
Net Income (Loss)	115
Total Fund Balances	<u>4,198</u>
Total Liabilities and Fund Balances	<u>\$27,599</u>

See Independent Accountants' Review Report  
and Notes to Financial Statements

**Barefoot Resort Nonresidential  
Owners Association, Inc.  
Statement of Revenues and Expenses and Changes in Fund Balance  
Year Ended December 31, 2022**

Revenues	
Association Fees	\$455,636
Late Fees	2,713
Interest Income	24
Total Revenues	<u>\$458,373</u>
Expenses	
Joint Committee Fee	422,059
Postage and Printing	2,075
Office Supplies	12
Professional Services	1,500
Management Contract	19,816
Insurance Expense	12,721
Meeting Expense	75
Total Expenses	<u>458,258</u>
Excess of Revenues Over Expenses	\$115
Beginning Fund Balances	<u>4,083</u>
Ending Fund Balances	<u><u>\$4,198</u></u>

See Independent Accountants' Review Report  
and Notes to Financial Statements

Barefoot Resort Nonresidential  
Owners Association, Inc.  
**Statement of Cash Flows**  
Year Ended December 31, 2022

Cash Flows from Operating Activities	
Net Income (Loss)	<u>\$115</u>
Adjustments to reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:	
Prepaid Insurance	(1,017)
Accounts Payable	50
Prepaid Assessments	<u>(1,960)</u>
Total Adjustments	<u>(2,927)</u>
Net Cash Provided By (Used In) Operating Activities	(2,812)
Cash at Beginning of Period	<u>24,687</u>
Cash at End of Period	<u><u>\$21,875</u></u>

See Independent Accountants' Review Report  
and Notes to Financial Statements

**BAREFOOT RESORT NONRESIDENTIAL  
OWNERS ASSOCIATION, INC.**  
Notes to Financial Statements  
December 31, 2022

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**NOTE 1      NATURE OF ORGANIZATION**

Barefoot Resort Nonresidential Owners Association, Inc. (the "Association") is a statutory association incorporated and existing under the laws of the State of South Carolina. The Association is a part of the Barefoot Resort, a multi-phase residential, commercial, and golf course community located in North Myrtle Beach, South Carolina. The association is responsible for the administration, maintenance, management, ownership and control of all common areas within The Barefoot Resort Nonresidential Association.

The Association began its operations in 2000. The voting rights (both current and future) for each class of member are specified within the Association documents.

**NOTE 2      DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 10, 2023, which is the date that the financial statements were available to be issued.

**NOTE 3      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Member Assessments**

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements.

Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating and reserve assessments are satisfied over time on a daily pro-rata basis using the input method.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. Any excess assessments at year end are retained by the Association for use in the succeeding year.

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate collectability include consideration of past experience and susceptibility to factors outside the Association's control.

**BAREFOOT RESORT NONRESIDENTIAL  
OWNERS ASSOCIATION, INC.**  
Notes to Financial Statements  
December 31, 2022

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**Property and Equipment**

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements as is prevalent industry practice.

**Estimates**

The preparation of financial statements 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.

**NOTE 4 INCOME TAXES**

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year 2022 the Association was taxed as a homeowners' association and filed form 1120-H.

As of the date of the financial statements the three prior tax years remain subject to examination by taxing authorities.

**BAREFOOT RESORT NONRESIDENTIAL  
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Notes to Financial Statements  
December 31, 2022

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**NOTE 5      BAREFOOT RESORT JOINT COMMITTEE**

The Association is a member of the Barefoot Resort Joint Committee, Inc. (the “Joint Committee”).

The purpose of the Joint Committee is to be a unifying entity for the residential and non-residential components of the Barefoot Resort development.

The Joint Committee also provides maintenance services for the common elements of the development not designated as part of either an individual regime, the Residential Association or the Non-Residential Association.

The Joint Committee allocates its operating expenses to the residential and non-residential associations based on an agreed upon formula. The formula is intended to be consistent with the actual costs borne by the Joint Committee on behalf of the other Associations. For the year, the allocation was 33% to the Nonresidential Association, and 67% to the Residential Association.

All fees paid by the Association to the Joint Committee are reflected as expenses within the Association’s Statement of Revenues and Expenses.

**NOTE 6      REVENUE RECOGNITION**

Assessment revenue is recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Code 606 requiring the deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exist as it is defined by the Code. The Association does not defer the recognition of any portion of revenue as a Contract Liability.