

BAY POINT GOLF VILLAS I ASSOCIATION, INC.

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2025

BAY POINT GOLF VILLAS I ASSOCIATION, INC.
TABLE OF CONTENTS
DECEMBER 31, 2025

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Members' Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
SUPPLEMENTARY INFORMATION	
Required Supplementary Information on Future Major Repairs and Replacements (Unaudited)	10

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bay Point Golf Villas I Association, Inc.

Opinion

We have audited the accompanying financial statements of Bay Point Golf Villas I Association, Inc. (the Association), which comprise the balance sheet as of December 31, 2025, and the related statements of revenues, expenses and changes in members' equity 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 Association as of December 31, 2025, 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 described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association 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 the 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 Association'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 auditors' 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 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. 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 Association'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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 other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of future major repairs and replacements on page 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion nor provide any assurance.

Warren Averett, LLC
Panama City, Florida
February 21, 2026

BAY POINT GOLF VILLAS I ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2025

ASSETS

Cash	\$ 158,163
Investments	107,365
Assessments receivable, net	13,670
Prepaid expenses, net	<u>26,508</u>
TOTAL ASSETS	<u>\$ 305,706</u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Accounts payable	\$ 30
Prepaid assessments	<u>3,538</u>
TOTAL LIABILITIES	3,568
MEMBERS' EQUITY	<u>302,138</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 305,706</u>

See notes to the financial statements.

BAY POINT GOLF VILLAS I ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

REVENUES	
Member assessments	\$ 259,674
Late fees	1,859
Interest income	7,306
Miscellaneous income	417
Total revenues	269,256
EXPENSES	
Administrative	30,529
Insurance	106,851
Maintenance and repairs	125,142
Utilities	40,937
Total expenses	303,459
REVENUES UNDER EXPENSES	(34,203)
MEMBERS' EQUITY AT BEGINNING OF YEAR	336,341
MEMBERS' EQUITY AT END OF YEAR	\$ 302,138

See notes to the financial statements.

BAY POINT GOLF VILLAS I ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Revenues under expenses	\$ (34,203)
Adjustments to reconcile revenues under expenses to net cash from operating activities:	
Changes in assets and liabilities:	
Assessments receivable	(8,254)
Prepaid expenses, net	2,764
Accounts payable	(3,560)
Prepaid assessments	<u>(7,912)</u>
Net cash from operating activities	(51,165)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	<u>(4,420)</u>
-------------------------	----------------

NET CHANGE IN CASH (55,585)

CASH AT BEGINNING OF YEAR 213,748

CASH AT END OF YEAR \$ 158,163

See notes to the financial statements.

BAY POINT GOLF VILLAS I ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE ASSOCIATION

Description of Association

Bay Point Golf Villas I Association, Inc. (the Association), was formed in 1974, as a Florida not-for-profit corporation, for the purpose of maintaining and protecting the common property of Golf Villas I, a condominium. The condominium consists of 39 residential units and is located on approximately 6.6 acres in Panama City Beach, Florida.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased within three months of maturity to be cash equivalents.

Investments

Investments consist of one certificate of deposit that is considered held to maturity and recorded at amortized cost. At December 31, 2025, the Association's certificate of deposit totaled \$107,365, bears interest at 4.0%, and matures May 2026.

Member Assessments and Allowance for Credit Losses

Receivables represent quarterly assessments from members 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 assessments and special 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. Assessments are due on the first day of the quarter and are considered past due if not received by the 15th day of the month. In addition, the Association charges a 10% interest on past due amounts. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are more than one quarter past due. The balances of assessments receivable as of the beginning and end of the year are \$8,476 and \$16,730, respectively.

The Association treats uncollectible assessments as credit losses. Methods, inputs and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control. Accordingly, the Association's allowance for credit losses at December 31, 2025, was \$3,060.

BAY POINT GOLF VILLAS I ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

Property and Equipment

The Association recognizes the following common property as assets:

- Common personal property used by the Association in operating, preserving, maintaining, repairing and replacing common property and providing other services.
- Common real property to which it has title and that it can dispose of for cash while retaining the proceeds, or that it has used to generate cash flows from members or from nonmembers on the basis of usage.

Accordingly, the Association will recognize only common personal property as assets. The common property meeting the asset recognition policy, common personal property and real property to which it has title, is recorded at cost or estimated acquisition value on the date of donation and is depreciated over the asset's estimated useful life using the straight-line method. The Association is responsible for preserving and maintaining common properties and may dispose of them only with the consent of the Board of Directors.

Income Tax

Condominium associations may be taxed as homeowners' associations (provided they meet certain criteria in the Internal Revenue Code for residency and application of funds spent) or as a regular corporation. For 2025, the Association was taxed as a homeowners' association.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Subsequent Events

The Association has evaluated events and transactions that occurred between December 31, 2025, and February 21, 2026, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. MEMBER ASSESSMENTS

Quarterly assessments to owners during 2025 ranged from \$1,566 to \$1,869 for each unit type. The annual budget and owners' assessments are determined by the Board of Directors. Any excess assessments at year end are retained by the Association for use in the succeeding year.

3. LINE OF CREDIT

The Association has an open line of credit in the amount of \$75,000. No draws have been made for the year ending December 31, 2025.

BAY POINT GOLF VILLAS I ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

4. INSURANCE NOTE PAYABLE

The Association financed its insurance premiums effective in July 2025 for various types of coverage. At December 31, 2025, the Association had an outstanding balance of \$33,072 due to the insurance company. The premium financing agreement for property requires monthly payments of \$11,024 through March 2026, and bears interest at approximately 6.45%. The balance due has been netted against the prepaid insurance premiums in the accompanying balance sheet as of December 31, 2025.

5. RESERVES FOR RENEWAL AND REPLACEMENT

The Association's governing documents, Florida Statute 718.112 and Florida Administrative Code Rule 61B-22, require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate bank accounts and are generally not available for normal operating expenditures.

The Board of Directors performed a review to estimate the remaining useful lives and replacement costs of common property. The estimates were based on future estimated replacement costs. The table included in the unaudited and required supplementary information on future major repairs and replacements is based on this review.

At December 31, 2025, the Association had not accumulated funds for future repairs and replacements. In addition, membership voted to waive the funding of reserves for 2026. For this reason, and because actual expenditures may vary from estimated future expenditures and the variations may be material, 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, subject to membership approval, to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available.

6. FEDERAL AND STATE INCOME TAXES

The Association has elected to be taxed as a homeowners' association for 2025. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable. When electing to file as a Homeowners Association, the Association is not required to file a Florida state tax return. The Association is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with U.S. generally accepted accounting principles.

7. CONCENTRATION OF CREDIT RISK

The Association maintains its cash and certificate of deposit in a commercial bank. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Association had cash balances of approximately \$32,000 over the FDIC limits as of December 31, 2025. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

BAY POINT GOLF VILLAS I ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

8. CONTINGENCIES

Insurance Deductibles

The insurance policy for windstorm coverage was renewed in July 2025. The policy, in the event of a hurricane, has a maximum deductible of approximately \$405,000, representing 5% of the insured value of the buildings, which is listed on the policies at approximately \$8.1 million. A \$10,000 deductible exists for all other events.

9. RELATED PARTY

The Association contracts with a general contractor for various repairs. The general contractor is also a unit owner of the Association. During 2025, the Association paid the general contractor approximately \$74,000 for general contracting services.

SUPPLEMENTARY INFORMATION

**BAY POINT GOLF VILLAS I ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2025
(UNAUDITED)**

The following table is based on the Board's review of replacement costs and presents significant information on the components of common property as of December 31, 2025:

Component	Estimated Useful Life (Years)	Remaining Useful Life (Years)	Estimated Replacement Costs	2026 Funding Requirements*	Replacement Balance 12/31/2025
Painting	9	6	\$ 607,750	\$ 44,926	\$ -
Roof	20	16	576,550	42,620	-
Parking lot	20	1	45,430	3,358	-
Total components			<u>\$ 1,229,730</u>	<u>\$ 90,904</u>	<u>\$ -</u>

* Membership voted to waive funding of reserves for 2026.

See independent auditors' report.