

March 28, 2014

Bashor and Legendre, LLP
4809 Ehrlich Rd.
Suite 203
Tampa, FL 33624

We are providing this letter in connection with your audit of the balance sheet of Barefoot Beach Resort of Indian Shores Condominium as of December 31, 2013, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Barefoot Beach Resort of Indian Shores Condominium in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 28, 2014, the following representations made to you during your audit:

- 1) The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles.
- 2) We have approved all standard, adjusting, or correcting journal entries to our financial statements proposed by you.
- 3) We are responsible for the presentation of the supplemental information accompanying the financial statements about future major repairs and replacements.
- 4) We have made available to you all—
 - a) Financial records and related data.
 - b) Minutes of the meetings of board members, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not been prepared.
- 5) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 7) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 8) We have no knowledge of any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.

- 9) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, or others.
- 10) The Association has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 11) The following have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
 - b) Guarantees, whether written or oral, under which the Association is contingently liable.
 - c) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB Accounting Standards Codification 275, *Risks and Uncertainties*.
- 12) There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Association vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
- 13) There are no-
 - a) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion that must be disclosed in accordance with FASB Accounting Standards Codification 450, *Contingencies*.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Accounting Standards Codification 450, *Contingencies*.
 - d) Transfers or designations of fund balance or interfund borrowings that were not properly authorized and approved or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
- 14) The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 15) We have complied with all aspects of contractual agreements and Florida Statutes that would have a material effect on the financial statements in the event of noncompliance.
- 16) The board of directors is collecting funds for future major repairs and replacements in conformity with the Association's policy to fund for those needs based on a informal study conducted during the year. The board believes the funds will adequately provide for future major repairs and replacements.
- 17) We are responsible for the presentation of the supplemental information accompanying the financial statements about future major repairs and replacements.
- 18) The Association's allocation of expenses against membership and non-membership income (or exempt and nonexempt function income) conforms with IRS rules, which require that the allocation be made "on a reasonable and consistently applied basis." We have adequately documented such allocation.
- 19) If the Association has excess membership income in the current year and files Form 1120, it elects to either (a) offset it against next year's assessments or (b) refund it to members. We have adequately documented such election in the current year.
- 20) We understand that management is responsible for the Association's choice of filing Form 1120-H or Form 1120 and the consequences thereof.

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- 21) The board of directors has reviewed the Association's insurance coverage for the current year and believes it is adequate.
- 22) Meeting minutes may not have been recorded at one or more meetings of the board. No actions were taken at the meetings that would require disclosure in, or adjustment to, the financial statements.
- 23) No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

Sign_____

Name_____

Title_____