



Wade Hampton Property Owners' Association, Inc.

Independent Auditor's Report, Financial Statements and Supplementary Information

December 31, 2022



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Independent Auditor's Report

Board of Directors
Wade Hampton Property Owners' Association, Inc.
Cashiers, North Carolina

Opinion

We have audited the accompanying financial statement of Wade Hampton Property Owners' Association, Inc. (the "Association"), which comprises the statement of revenues collected, expenses paid and changes in cash accounts – cash basis as of December 31, 2022, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues collected, expenses paid and changes in cash accounts – cash basis of the Association for the year ended December 31, 2022, in accordance with the cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wade Hampton Property Owners' Association, Inc, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement 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 of Wade Hampton Property Owners' Association, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

FORVIS

Auditor's Responsibility

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 auditor's 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 GAAS 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 GAAS, 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 Wade Hampton Property Owners' Association, Inc'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 Wade Hampton Property Owners' Association, Inc'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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Supplemental Schedule of Revenues Collected and Expense Paid – Cash Basis in the supplemental information is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

FORVIS, LLP

**Asheville, North Carolina
September 5, 2023**

Wade Hampton Property Owners' Association, Inc.
Statement of Revenues Collected, Expenses Paid and Changes in Cash Accounts - Cash Basis
Year Ended December 31, 2022

Revenues collected	\$ 1,121,645
Expenses paid	<u>1,489,091</u>
Net decrease in cash	(367,446)
Cash, beginning of year	<u>740,171</u>
Cash, end of year	<u><u>\$ 372,725</u></u>

Notes to Financial Statement

1. Organization

Wade Hampton Property Owners' Association, Inc. (the "Association") is a statutory homeowners' association organized for the purpose of maintaining and preserving common property of Wade Hampton. The Association consists of 254 residential properties located in Cashiers, North Carolina.

2. Summary of Significant Accounting Policies

Basis of accounting

The Association's policy is to prepare its financial statement on the basis of cash receipts and disbursements. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the statement does not present accounts receivable, accounts payable and accrued items.

Income taxes

The Association is recognized as a tax-exempt association by the State of North Carolina and, as such, is not subject to state franchise or income tax on exempt function income. The Association is subject to federal income taxes unless an election is made under Section 528 of the Internal Revenue Code each year. That election has been made for the year ended December 31, 2022. The Association is subject to both federal and state income taxes on unrelated business income, even if a Section 528 election is made. The Association has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2022.

3. Concentrations of Credit Risk

The Association maintains its cash accounts at commercial banks. At times, amounts on deposit may be in excess of Federal Deposit Insurance Corporation ("FDIC") insured limits. The Association has not experienced any losses on such accounts and management does not consider there to be any significant credit risks related to this concentration.

4. Related Parties

The Association receives certain assessment fees from the Wade Hampton Golf Club that is related to the Association by common ownership of the majority of Club members. The amount of revenues received was \$118,655 for the year ended December 31, 2022.

5. Lease Commitments

The Association maintained an operating lease for a building renewable every three years and subject to a 2% increase at the time of renewal. Total rental expense under the operating lease for the building for the year ended December 31, 2022, was \$11,940. The lease ended August 22, 2022, and was not renewed. Therefore, there were no future minimum lease payments.

6. Subsequent Events

The Association evaluated the effect the subsequent event would have on the financial statement through September 5, 2023, which is the date the financial statement was available to be issued.

Supplementary Information

Wade Hampton Property Owners' Association, Inc.
Supplemental Schedule of Revenues Collected and Expenses Paid - Cash Basis
Year Ended December 31, 2022

Revenues collected:	
Association fees	\$ 1,077,830
Initiation fees	26,000
Architectural review fees	1,750
Road fees	1,500
Miscellaneous income	10,565
Compliance deposits	<u>4,000</u>
Total revenues collected	<u>\$ 1,121,645</u>
Expenses paid:	
Salaries and benefits	\$ 308,790
Administrative	322,014
Security	75,694
Sewer	159,026
Water	210,005
Roads	334,062
Compliance deposit refunds	<u>79,500</u>
Total expenses paid	<u>\$ 1,489,091</u>