

**Litchfield by the Sea  
Community Association, Inc.  
Pawleys Island, South Carolina**

**Financial Statements  
and  
Supplementary Information**

**December 31, 2019**

**Litchfield by the Sea Community Association, Inc.**  
**Pawleys Island, South Carolina**

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Surfside Beach, SC 29575  
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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Members  
Litchfield by the Sea Community Association, Inc.  
Pawleys Island, South Carolina

We have audited the accompanying financial statements of Litchfield by the Sea Community Association, Inc., which comprise the balance sheet as of December 31, 2019, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

### 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Litchfield by the Sea Community Association, Inc., as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
(continued)

**Disclaimer of Opinion on Supplementary Information**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The comparison of actual amounts to budget in Exhibit E, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements of common property in Exhibit F be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who 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 or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sage & Bell, PA

SAGE & BELL, PA  
CERTIFIED PUBLIC ACCOUNTANTS

Surfside Beach, South Carolina  
August 20, 2020

**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Balance Sheet**  
*December 31, 2019*

**ASSETS**

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Consolidated</u> <u>Total</u>
<b>ASSETS</b>			
Mutual of Omaha - Operating	\$ 110,337.50	\$ 0.00	\$ 110,337.50
Mutual of Omaha - ICS Operating	58,158.46	0.00	58,158.46
Mutual of Omaha - Operating Savings	5,198.00	0.00	5,198.00
Mutual of Omaha - ARB Escrow	11,762.44	0.00	11,762.44
Mutual of Omaha - ICS ARB Escrow	44,012.56	0.00	44,012.56
Mutual of Omaha - Cable Escrow	13,872.18	0.00	13,872.18
Mutual of Omaha - ICS Cable Escrow	45,778.90	0.00	45,778.90
Mutual of Omaha - Trash Escrow	26,282.71	0.00	26,282.71
Mutual of Omaha - Recycling Program	5,670.00	0.00	5,670.00
Mutual of Omaha - ICS Trash Escrow	25,000.90	0.00	25,000.90
Mutual of Omaha - Barcode Entry	50,372.71	0.00	50,372.71
Mutual of Omaha - Beach House Escrow	15,786.58	0.00	15,786.58
Mutual of Omaha - Reserves	0.00	108,939.11	108,939.11
Mutual of Omaha - ICS Reserves	0.00	595,769.74	595,769.74
Alliance - CD	0.00	58,467.27	58,467.27
Mutual of Omaha - Beach Parking	0.00	2.77	2.77
Mutual of Omaha - ICS Beach Parking	0.00	84,467.48	84,467.48
Assessments Receivable	41,060.38	0.00	41,060.38
Allowance for Doubtful Accounts	(37,209.94)	0.00	(37,209.94)
A/R - Bulk Services	1,605.07	0.00	1,605.07
Other Receivables	18,396.25	0.00	18,396.25
Prepaid Insurance	44,283.52	0.00	44,283.52
Equipment	33,593.33	0.00	33,593.33
Accumulated Depreciation	<u>(33,593.33)</u>	<u>0.00</u>	<u>(33,593.33)</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 480,368.22</u></b>	<b><u>\$ 847,646.37</u></b>	<b><u>\$1,328,014.59</u></b>

*See Accompanying Notes and Auditors' Report  
Sage & Bell, PA, Certified Public Accountants*

**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Balance Sheet**  
*December 31, 2019*

**LIABILITIES AND FUND BALANCES**

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Consolidated</u> <u>Total</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 37,988.44	\$ 18,695.07	\$ 56,683.51
Delinquent Fees Payable	430.00	0.00	430.00
Deferred Revenue	0.00	55,865.00	55,865.00
Other Payables	1,714.04	0.00	1,714.04
Prepaid Beach House Fees	7,980.00	0.00	7,980.00
Beach House Security Deposits	14,036.58	0.00	14,036.58
Prepaid Cable Service	53,959.75	0.00	53,959.75
Prepaid Trash Removal	32,862.35	0.00	32,862.35
Prepaid Recycling Program	7,509.55	0.00	7,509.55
Prepaid Assessments	332,395.87	0.00	332,395.87
ARB - Landscaping Deposits	36,250.00	0.00	36,250.00
ARB - Construction Deposits	<u>19,525.00</u>	<u>0.00</u>	<u>19,525.00</u>
<b>Total Liabilities</b>	<u>\$ 544,651.58</u>	<u>\$ 74,560.07</u>	<u>\$ 619,211.65</u>
<b>FUND BALANCES</b>			
Undesignated	\$ (64,283.36)	\$ 0.00	\$ (64,283.36)
Designated-Future Major Repairs and Replacements	<u>0.00</u>	<u>773,086.30</u>	<u>773,086.30</u>
<b>Total Fund Balances</b>	<u>\$ (64,283.36)</u>	<u>\$ 773,086.30</u>	<u>\$ 708,802.94</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 480,368.22</u>	<u>\$ 847,646.37</u>	<u>\$1,328,014.59</u>

*See Accompanying Notes and Auditors' Report  
Sage & Bell, PA, Certified Public Accountants*

**Litchfield by the Sea Community Association, Inc.**  
**Pawleys Island, South Carolina**  
**Statement of Revenues, Expenses and Changes in**  
**Fund Balances**  
*For the Year Ended December 31, 2019*

	<b><u>Operating</u></b> <b><u>Fund</u></b>	<b><u>Replacement</u></b> <b><u>Fund</u></b>	<b><u>Consolidated</u></b> <b><u>Total</u></b>
<b>Revenues</b>			
Regular Assessments	\$1,694,081.23	\$ 669,300.00	\$2,363,381.23
ARB Impact Fees	1,800.00	0.00	1,800.00
Public/Commercial Assessments	14,121.00	0.00	14,121.00
Beach House Fees	11,250.00	0.00	11,250.00
Bad Debt Recoupment	5,516.43	0.00	5,516.43
Decal/Barcode Fee	10,358.00	0.00	10,358.00
S/A - Capital Projects	237,756.00	0.00	237,756.00
Other Income	12,858.38	0.00	12,858.38
Violation Fees	4,500.00	0.00	4,500.00
River Club Golf Course Assessments	5,508.00	0.00	5,508.00
Insurance Proceeds	9,782.13	0.00	9,782.13
Website Income	2,450.00	0.00	2,450.00
Late Charges	8,900.00	0.00	8,900.00
<b>Total Revenues</b>	<b><u>\$2,018,881.17</u></b>	<b><u>\$ 669,300.00</u></b>	<b><u>\$2,688,181.17</u></b>

*See Accompanying Notes and Auditors' Report*  
*Sage & Bell, PA, Certified Public Accountants*

**Litchfield by the Sea Community Association, Inc.**  
**Pawleys Island, South Carolina**  
**Statement of Revenues, Expenses and Changes in**  
**Fund Balances**  
*For the Year Ended December 31, 2019*

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Consolidated</u> <u>Total</u>
<b>Maintenance Expenses</b>			
Pool Supplies	\$ 11,084.10	\$ 0.00	\$ 11,084.10
Pool Equipment/Maintenance	4,107.73	0.00	4,107.73
Facility Maintenance	107,952.00	0.00	107,952.00
General Maintenance/Materials	92,121.33	0.00	92,121.33
Landscape Improvements	800.00	0.00	800.00
Cont. Landscape Maintenance	237,000.00	0.00	237,000.00
Irrigation Maintenance/Supply	31,051.33	0.00	31,051.33
Landscape Maintenance/Supply	156,038.74	0.00	156,038.74
Interior Pest Control	624.00	0.00	624.00
Termite Treatment	488.00	0.00	488.00
Highway 17 Landscaping	37,500.00	0.00	37,500.00
Fountain Maintenance	22,710.13	0.00	22,710.13
Security Gate Repair/Maintenance	44,726.30	0.00	44,726.30
Signage Maintenance	6,460.54	0.00	6,460.54
Beach House Cleaning	9,540.00	0.00	9,540.00
Pool Furniture	0.00	17,680.80	17,680.80
Beach House Decking & Walkways	0.00	24,751.38	24,751.38
Pool Decking	0.00	1,700.00	1,700.00
River Club Moat Cleaning	0.00	10,000.00	10,000.00
Lakeside Landscape Cleanup	0.00	31,097.09	31,097.09
Lake Bulkhead	0.00	27,400.00	27,400.00
Drainage	0.00	113,523.20	113,523.20
Security Gate Equipment	0.00	41,801.90	41,801.90
Roadway and Drives	0.00	110,731.55	110,731.55
Aerator	0.00	9,101.52	9,101.52
<b>Total Maintenance Expenses</b>	<u>\$ 762,204.20</u>	<u>\$ 387,787.44</u>	<u>\$1,149,991.64</u>

*See Accompanying Notes and Auditors' Report*  
*Sage & Bell, PA, Certified Public Accountants*



**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina  
**Statement of Revenues, Expenses and Changes in**  
**Fund Balances**  
*For the Year Ended December 31, 2019*

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Consolidated</u> <u>Total</u>
<b>Administrative Expenses</b>			
Office Supplies	\$ 5,850.62	\$ 0.00	\$ 5,850.62
Printing	27,548.14	0.00	27,548.14
Postage	7,293.10	0.00	7,293.10
Legal Services	14,240.50	0.00	14,240.50
Accounting Services	6,520.00	0.00	6,520.00
Management Services	272,169.00	0.00	272,169.00
Insurance Expense	84,379.30	0.00	84,379.30
Contract Security	515,531.80	0.00	515,531.80
Security Administrative Expense	48,547.29	0.00	48,547.29
Bad Debt Expense	14,390.23	0.00	14,390.23
Administrative Expense	20,464.73	0.00	20,464.73
Website Expense	8,520.00	0.00	8,520.00
Licenses, Taxes, & Fees	2,780.45	0.00	2,780.45
<b>Total Administrative Expenses</b>	<u>\$1,028,235.16</u>	<u>\$ 0.00</u>	<u>\$1,028,235.16</u>
<b>Utility Expenses</b>			
Electricity	\$ 104,021.55	\$ 0.00	\$ 104,021.55
Telephone	12,788.50	0.00	12,788.50
Telephone/Internet - Security	16,354.77	0.00	16,354.77
Water and Sewer	17,591.67	0.00	17,591.67
Trash Removal	886.37	0.00	886.37
<b>Total Utility Expenses</b>	<u>\$ 151,642.86</u>	<u>\$ 0.00</u>	<u>\$ 151,642.86</u>
<b>Total Expenses</b>	<u>\$1,942,082.22</u>	<u>\$ 387,787.44</u>	<u>\$2,329,869.66</u>
<b>Excess of Revenues over Expenses</b>	\$ 76,798.95	\$ 281,512.56	\$ 358,311.51
<b>Other Income and Expenses</b>			
Interest Income	<u>794.09</u>	<u>2,207.04</u>	<u>3,001.13</u>
<b>Net Excess of Revenues over Expenses</b>	\$ 77,593.04	\$ 283,719.60	\$ 361,312.64
<b>Beginning Fund Balance</b>	<u>(141,876.40)</u>	<u>489,366.70</u>	<u>347,490.30</u>
<b>Ending Fund Balance</b>	<u>\$ (64,283.36)</u>	<u>\$ 773,086.30</u>	<u>\$ 708,802.94</u>

*See Accompanying Notes and Auditors' Report  
Sage & Bell, PA, Certified Public Accountants*

**Litchfield by the Sea Community Association, Inc.**  
**Pawleys Island, South Carolina**

**Statement of Cash Flows**  
*For the Year Ended December 31, 2019*

**Cash Flows From Operating Activities**

Net excess (deficiency) of revenues over expenses \$ 361,312.64

Adjustments to reconcile net excess (deficiency) to net cash provided by (used in) operating activities:

(Increase) / Decrease in Assets:

Assessments Receivable	\$ (852.78)
Allowance for Doubtful Accounts	(129.85)
A/R - Bulk Services	(254.12)
Other Receivables	(1,215.00)
Prepaid Insurance	(5,417.84)

Increase / (Decrease) in Liabilities:

Accounts Payable	(39,344.87)
Other Payables	431.44
Delinquent Fees Payable	(116.24)
Deferred Revenue	55,743.00
Prepaid Beach House Fees	5,900.00
Beach House Security Deposits	4,050.00
Prepaid Cable Service	(2,916.51)
Prepaid Trash Removal	(10,277.71)
Prepaid Recycling Program	3,865.05
Prepaid Assessments	122,754.21
ARB - Landscaping Deposits	3,000.00
ARB - Construction Deposits	<u>3,000.00</u>

Total Adjustments 138,218.78

**Net cash provided by (used in) operating activities** **\$ 499,531.42**

**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Statement of Cash Flows**  
*For the Year Ended December 31, 2019*

<b>Net increase (decrease) in cash and cash equivalents</b>	\$ 499,531.42
<b>Cash and cash equivalents at beginning of period</b>	<u>760,347.89</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 1,259,879.31</u></u>
 <b>Summary of cash accounts:</b>	
Undesignated	\$ 173,693.96
Designated for ARB escrow	55,775.00
Designated for cable escrow	59,651.08
Designated for trash escrow	51,283.61
Designated for security deposits	15,786.58
Designated for recycling program	5,670.00
Designated for barcode entry	50,372.71
Designated for future repairs and replacements	<u>847,646.37</u>
Total cash	<u><u>\$ 1,259,879.31</u></u>
 <b>Supplementary information:</b>	
Income taxes paid	<u><u>\$ 0.00</u></u>
Interest paid	<u><u>\$ 0.00</u></u>

*See Accompanying Notes and Auditors' Report  
Sage & Bell, PA, Certified Public Accountants*

**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Notes to Financial Statements**  
*December 31, 2019*

**NOTE A Nature of Organization**

The Association is a not-for-profit corporation formed for the purpose of administering the operation and management of the community known as Litchfield by the Sea, located in Pawleys Island, South Carolina. Litchfield by the Sea is an umbrella association for other associations located at Litchfield by the Sea Resort. The Association is responsible for properties common to individual associations located within the planned community. There are two thousand seven hundred fifty-one members. The Association was incorporated on June 12, 1978, in the state of Delaware.

**NOTE B Date of Management's Review**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 20, 2020, the date that the financial statements were available to be issued.

**NOTE C Summary of Significant Accounting Policies**

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

It is the Association's policy to record reserve fund assessments when assessments are deposited into the reserve cash accounts and reserve fund expenses when cash is disbursed from the reserve cash accounts. Any difference between the reserve cash accounts, adjusted for reserve fund liabilities, and the reserve fund equity balance is accounted for as a transfer between funds. Reserve fund liabilities include miscellaneous accrued reserve expenses of \$18,695.07.

Member Assessments

Association members are subject to monthly assessments to provide funds for operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from owners. Prepaid assessments at the balance sheet date represent fees paid in advance by owners. Any excess assessments at year end are retained by the Association for use in future years.

Public and Commercial Assessments

Owners of public and commercial units are subject to annual assessments based on square footage.

Golf Course Assessments

Golf course assessments are fixed assessments based on an agreement with Myrtle Beach National. The assessments reimburse the Association for the use of roadways by golf course traffic.

Beach/Residents Club Fees

Association members are charged for the use of the clubhouse. These revenues are presented as Beach/Residents Club Fees.

**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Notes to Financial Statements**  
*December 31, 2019*

**NOTE C Summary of Significant Accounting Policies (Continued)**

Income Taxes

The Association filed its income tax return as a tax-exempt homeowners' association in accordance with Internal Revenue Code Section 528 for the year ended December 31, 2019. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at a federal rate of 30% and a state rate of 5%.

As of December 31, 2019, the tax years that remain subject to examination by taxing authorities begin with 2016.

Architectural Review Board Fees

Architectural Review Board fees consist of community impact fees, construction deposits and landscape deposits charged to developers/construction companies. The community impact fee is a nonrefundable fee based on the type and duration of a construction project. The community impact fee is used to defray the costs of repairs to the roadways and to compensate for additional security, trash and housekeeping burdens placed on the Association's maintenance and security forces during the construction process. The construction and landscape deposits are refundable flat fees based on the type of construction project. The deposits are held in escrow until the project is completed as approved by the Architectural Review Board.

Common Areas 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 because those properties are owned by the individual owners in common and not by the Association. The real property and common areas consist of the clubhouse, roadways, parking areas, green areas, walkways, gates, lakes and miscellaneous. The Association capitalizes personal property at cost and depreciates it using the straight-line method.

Bad Debt

The Association has provided an allowance for doubtful collection of assessments. Legal counsel is retained to place liens on the properties of owners whose assessments are delinquent, thereby making collections possible in the event of foreclosure. Write-offs are made as assessments receivable are determined to be uncollectible, usually at foreclosure.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Notes to Financial Statements**  
*December 31, 2019*

**NOTE D Future Major Repairs and Replacements**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$847,646.37, are held in separate accounts and are generally not available for operating purposes.

The Association's Board of Directors contracted Reserve Advisors, Inc., during 2017 to estimate the useful lives and replacement costs of certain common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs. Actual expenditures, however, may vary from the estimated amounts and may include additional common property components which have not been included in the reserve study. These variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments or it may delay major repairs and replacements until funds are available.

**NOTE E Related Party Transactions**

The Association paid the following amounts to its management company, Waccamaw Management, LLC, during the year ended December 31, 2019:

Pool Supplies	\$ 73.75
Pool Equipment/Maintenance	135.89
Fountain Maintenance	16,039.96
Signage Maintenance	2,367.74
General Maintenance/Materials	22,688.99
Security Gate Repair/Maintenance	275.00
Office Supplies	4,868.86
Printing	20,145.61
Postage	7,293.10
Management Services	272,169.00
Security Administrative Expense	48,499.00
Administrative Expense	17,290.71
Telephone	<u>1,671.62</u>
 Total	 <u><u>\$413,519.23</u></u>

**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Notes to Financial Statements**  
*December 31, 2019*

**NOTE F Cable, Recycling and Trash Service Escrow**

The Association purchases cable television, recycling and trash removal services from providers on behalf of Association members. The cost of the services for the individual members is reduced because of the volume discount received by the Association. The members pay their proportionate share of the fees to the Association. The Association deposits fees collected from the members into cash escrow accounts and pays the service providers from the escrow accounts.

## **Supplementary Information**



**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Operating Fund**  
**Comparison of Actual to Budget**  
*For the Year Ended December 31, 2019*

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over/(Under)</u> <u>Budget</u>
<b>Revenues</b>			
Regular Assessments	\$2,363,381.23	\$2,345,424.00	\$ 17,957.23
ARB Impact Fees	1,800.00	1,000.00	800.00
Public/Commercial Assessments	14,121.00	14,119.00	2.00
Beach House Fees	11,250.00	15,000.00	(3,750.00)
Bad Debt Recoupment	5,516.43	0.00	5,516.43
Decal/Barcode Fee	10,358.00	5,000.00	5,358.00
S/A - Capital Projects	237,756.00	248,617.00	(10,861.00)
Other Income	12,858.38	0.00	12,858.38
Violation Fees	4,500.00	0.00	4,500.00
River Club Golf Course Assessments	5,508.00	5,508.00	0.00
Insurance Proceeds	9,782.13	0.00	9,782.13
Website Income	2,450.00	0.00	2,450.00
Late Charges	8,900.00	0.00	8,900.00
<b>Total Revenues</b>	<u>\$2,688,181.17</u>	<u>\$2,634,668.00</u>	<u>\$ 53,513.17</u>
<b>Maintenance Expenses</b>			
Pool Supplies	\$ 11,084.10	\$ 12,500.00	\$ (1,415.90)
Pool Equipment/Maintenance	4,107.73	4,000.00	107.73
Facility Maintenance	107,952.00	107,952.00	0.00
General Maintenance/Materials	92,121.33	74,848.00	17,273.33
Landscape Improvements	800.00	5,000.00	(4,200.00)
Cont. Landscape Maintenance	237,000.00	237,000.00	0.00
Irrigation Maintenance/Supply	31,051.33	20,000.00	11,051.33
Landscape Maintenance/Supply	156,038.74	170,000.00	(13,961.26)
Interior Pest Control	624.00	900.00	(276.00)
Termite Treatment	488.00	550.00	(62.00)
Highway 17 Landscaping	37,500.00	36,000.00	1,500.00
Pond Maintenance	0.00	9,625.00	(9,625.00)
Fountain Maintenance	22,710.13	16,000.00	6,710.13
Fountain Supplies/Chemicals/Materials	0.00	500.00	(500.00)
Security Gate Repair/Maintenance	44,726.30	47,755.00	(3,028.70)
Signage Maintenance	6,460.54	5,500.00	960.54
Beach House Cleaning	9,540.00	5,000.00	4,540.00
<b>Total Maintenance Expenses</b>	<u>\$ 762,204.20</u>	<u>\$ 753,130.00</u>	<u>\$ 9,074.20</u>

**Litchfield by the Sea Community Association, Inc.**  
Pawleys Island, South Carolina

**Operating Fund**  
**Comparison of Actual to Budget**  
*For the Year Ended December 31, 2019*

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over/(Under)</u> <u>Budget</u>
<b>Administrative Expenses</b>			
Office Supplies	\$ 5,850.62	\$ 3,000.00	\$ 2,850.62
Printing	27,548.14	23,000.00	4,548.14
Postage	7,293.10	9,500.00	(2,206.90)
Legal Services	14,240.50	9,000.00	5,240.50
Accounting Services	6,520.00	6,647.00	(127.00)
Management Services	272,169.00	272,169.00	0.00
Insurance Expense	84,379.30	80,000.00	4,379.30
Contract Security	515,531.80	563,000.00	(47,468.20)
Security Administrative Expense	48,547.29	50,000.00	(1,452.71)
Bad Debt Expense	14,390.23	10,000.00	4,390.23
Administrative Expense	20,464.73	4,000.00	16,464.73
Website Expense	8,520.00	10,000.00	(1,480.00)
Licenses, Taxes, & Fees	2,780.45	2,400.00	380.45
<b>Total Administrative Expenses</b>	<u>\$1,028,235.16</u>	<u>\$1,042,716.00</u>	<u>\$ (14,480.84)</u>
<b>Utility Expenses</b>			
Electricity	\$ 104,021.55	\$ 110,000.00	\$ (5,978.45)
Telephone	12,788.50	15,500.00	(2,711.50)
Telephone/Internet - Security	16,354.77	18,000.00	(1,645.23)
Water and Sewer	17,591.67	24,000.00	(6,408.33)
Trash Removal	886.37	960.00	(73.63)
<b>Total Utility Expenses</b>	<u>\$ 151,642.86</u>	<u>\$ 168,460.00</u>	<u>\$ (16,817.14)</u>
<b>Total Expenses</b>	<u>\$1,942,082.22</u>	<u>\$1,964,306.00</u>	<u>\$ (22,223.78)</u>
<b>Excess of Revenues over Expenses</b>	\$ 746,098.95	\$ 670,362.00	\$ 75,736.95
<b>Other Income and Expenses</b>			
Interest Income	794.09	0.00	794.09
Current Year Reserve Funding	<u>(669,300.00)</u>	<u>(670,362.00)</u>	<u>1,062.00</u>
<b>Net Excess of Revenues over Expenses</b>	<u>\$ 77,593.04</u>	<u>\$ 0.00</u>	<u>\$ 77,593.04</u>

**Litchfield by the Sea Community Association, Inc.**  
**Pawleys Island, South Carolina**

**Schedule of Future Major Repairs and Replacements**  
*December 31, 2019*

The Association's Board of Directors contracted Reserve Advisors Inc., during 2017 to estimate the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

The designated fund balance has been allocated to components of the schedule of future major repairs and replacements. If a component should require repair or replacement earlier than the expiration of the estimated useful life, a component's actual replacement cost is in excess of the estimated current replacement cost, annual funding by component is not adequate to achieve the estimated current replacement cost at the end of the component's estimated life or if all components have not been identified, the amounts designated for future repairs and replacements may not be adequate to meet future needs. Negative amounts in designated fund balance indicate disbursements in excess of funding.

**See Next Page for Schedule of Reserves**

**Litchfield By The Sea Community Association, Inc.**  
**Schedule of Future Major Repairs and Replacements**  
**12/31/2019**

Exhibit F

Component	Estimated Current Replacement Cost	Designated Fund Balance 12/31/2019
<b><u>Property Site Elements</u></b>		
Asphalt Pavement, Crack Repair, Patch and Seal Coat, Phased - Oceanside	\$ 651,206.00	\$ 41,530.15
Asphalt Pavement, Crack Repair, Patch and Seal Coat - River Club	823,083.00	52,491.44
Asphalt Pavement, Mill and Overlay - Oceanside	516,250.00	32,923.40
Asphalt Pavement, Mill and Overlay - River Club	1,518,560.00	161,408.14
Asphalt Pavement, Total Replacement, Oceanside	1,932,908.00	30,817.37
Catch Basins, Capital Repairs, Oceanside	14,361.00	915.90
Catch Basins, Capital Repairs, River Club	25,123.00	2,670.33
Concrete Curbs, Partial Replacements	115,830.00	7,197.55
Fountains, Roundabouts, Phased	220,868.00	21,598.07
Fences, Chain Links	88,814.00	1,132.84
Irrigation System, Pump (25HP)	174,820.00	14,865.33
Irrigation System, Pump (75HP)	376,754.00	12,013.56
Irrigation System, Phased	155,501.00	5,371.70
Pipes, Subsurface Utilities	446,665.00	46,359.02
Ponds, Fountains, Large, Osprey Lake	223,334.00	14,242.89
Ponds, Fountains, Remaining	406,216.00	34,541.46
Ponds, Bulkhead, Phased	624,397.00	63,048.93
Security System	418,437.00	44,475.77
Shade Sails and Poles	87,410.00	7,432.66
Tennis Courts, Color Coats	316,070.00	27,996.00
Tennis Courts, Fences Phased	118,797.00	1,515.27
Tennis Courts, Light Poles and Fixtures	58,586.00	4,270.00
Tennis Courts, Surface Replacement Phased	476,435.00	50,640.39
Wood Crossovers and Deck, Beach House (incl. Fishing Boardwalk)	979,868.00	15,622.54
Wood Crossovers, Remaining	99,332.00	10,558.02
<b><u>Beach House Elements</u></b>		
HVAC Equipment, Phased	116,585.00	12,391.85
Interior Renovations	139,440.00	6,916.52
Restrooms, Renovation, River Club	24,288.00	2,375.06
Roofs, Metal (incl. Pavilions)	108,744.00	4,623.41
Shades, Motorized	66,338.00	4,935.80
Windows and Doors	290,324.00	10,286.24
<b><u>Pool Elements</u></b>		
Deck, Pavers	20,089.00	683.23
Fence, Wood	30,649.00	2,931.91
Furniture	48,529.00	5,158.16
Pool Finish, Plaster	129,564.00	13,771.39
Structure and Deck, Total Replacement	760,715.00	44,471.09
River Club Moat Cleaning, Phase II	-	(10,000.00)
Lakeside Landscape Cleanup	-	(31,097.09)
<b>Totals</b>	<b>\$ 12,604,890.00</b>	<b>\$ 773,086.30</b>
<b>Cash designated repairs and replacements</b>		<b>\$ 847,646.37</b>

Unaudited - See Independent Auditors' Report  
Sage & Bell, PA, Certified Public Accountants