

LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Litchfield by the Sea Community Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statement 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.

Auditor's 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 from 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.

Litchfield by the Sea Community Association, Inc.

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, 2021, 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 12 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.

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 on pages 13-14, which is the responsibility of 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.

Phillips, Curran & Company, CPAs, L.L.C.

June 9, 2022

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

BALANCE SHEET
DECEMBER 31, 2021

| | Operating Fund | Replacement Fund | Total |
|--|-------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash And Cash Equivalents | \$ 636,129 | \$ 1,842,211 | \$ 2,478,340 |
| Accounts Receivable - Members | 62,970 | | 62,970 |
| Allowance For Doubtful Accounts | (39,335) | | (39,335) |
| Prepaid Insurance | 55,938 | | 55,938 |
| Furniture, Fixtures, And Equipment | 33,593 | | 33,593 |
| Accumulated Depreciation | (33,593) | | (33,593) |
| TOTAL ASSETS | \$ 715,702 | \$ 1,842,211 | \$ 2,557,913 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 64,300 | \$ | \$ 64,300 |
| Advanced Member Assessments | 361,057 | | 361,057 |
| ARB Landscaping And Construction Deposits | 61,775 | | 61,775 |
| Prepaid Utilities Escrow | 92,129 | | 92,129 |
| Prepaid Beach House Fees | 22,167 | | 22,167 |
| Contract Liability - Assessments Received in Advance - Replacement Fund | | 1,842,211 | 1,842,211 |
| TOTAL LIABILITIES | 601,428 | 1,842,211 | 2,443,639 |
| Fund Balances | 114,274 | | 114,274 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 715,702 | \$ 1,842,211 | \$ 2,557,913 |

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2021

| | Operating Fund | Replacement Fund | Total |
|---------------------------------------|-------------------|---------------------|------------------|
| REVENUES | | | |
| Member Assessments | \$ 2,094,543 | \$ 231,969 | \$ 2,326,512 |
| Commercial Units Assessments | 15,872 | | 15,872 |
| River Club Golf Course Assessments | 6,192 | | 6,192 |
| ARB Impact And Review Fees | 1,500 | | 1,500 |
| Beach House Usage Fees | 8,900 | | 8,900 |
| Miscellaneous Income | 54,338 | | 54,338 |
| Interest Income | 372 | | 372 |
| Late Fees And Fines | 7,370 | | 7,370 |
| TOTAL REVENUES | 2,189,087 | 231,969 | 2,421,056 |
| EXPENSES | | | |
| Grounds Contract Maintenance | 247,560 | | 247,560 |
| Landscape Maintenance and Supplies | 185,045 | | 185,045 |
| Irrigation Maintenance | 23,533 | | 23,533 |
| Pool Maintenance And Supplies | 16,047 | | 16,047 |
| Fountain Maintenance | 19,980 | | 19,980 |
| Pest And Termite Control | 1,377 | | 1,377 |
| Major Repairs And Replacements | | 231,969 | 231,969 |
| General And Common Area Maintenance | 95,668 | | 95,668 |
| Facility Maintenance | 109,572 | | 109,572 |
| Security Service Contract | 636,285 | | 636,285 |
| Security Administrative And Telephone | 72,238 | | 72,238 |
| Gate Maintenance | 43,126 | | 43,126 |
| Beach House Maintenance | 5,217 | | 5,217 |
| Litchfield Beautification Foundation | 36,000 | | 36,000 |
| Management Agreement | 276,252 | | 276,252 |
| Insurance | 98,769 | | 98,769 |
| Office And Administrative Expense | 53,446 | | 53,446 |
| Website Expense | 7,780 | | 7,780 |
| Legal | 26,917 | | 26,917 |
| Accounting | 7,185 | | 7,185 |
| Property Taxes And Licenses | 1,367 | | 1,367 |

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2021

| | Operating Fund | Replacement Fund | Total |
|--|-------------------|---------------------|-------------|
| EXPENSES (CONTINUED) | | | |
| Electricity | 96,250 | | 96,250 |
| Water And Sewer | 19,697 | | 19,697 |
| Disposal | 758 | | 758 |
| Telephone | 14,234 | | 14,234 |
| TOTAL EXPENSES | 2,094,303 | 231,969 | 2,326,272 |
| Excess Of Revenues Over Expenses | 94,784 | | 94,784 |
| Fund Balances - Beginning Of Year | 19,490 | 1,229,198 | 1,248,688 |
| Restatement of Replacement Fund Balance (Note 8) | | (1,229,198) | (1,229,198) |
| Fund Balances - End Of Year | \$ 114,274 | \$ | \$ 114,274 |

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

| | Operating Fund | Replacement Fund | Total |
|---|-------------------|---------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Excess Of Revenues Over Expenses | \$ 94,784 | \$ | \$ 94,784 |
| Adjustments To Reconcile Excess Of Revenues Over Expenses To Net Cash Provided By Operating Activities: | | | |
| (Increase) Decrease In: | | | |
| Accounts Receivable - Members | 2,634 | | 2,634 |
| Prepaid Insurance | (8,129) | | (8,129) |
| Increase (Decrease) In: | | | |
| Accounts Payable | 50,328 | | 50,328 |
| Advanced Member Assessments | 5,359 | | 5,359 |
| ARB Landscaping and Construction Deposits | 3,000 | | 3,000 |
| Prepaid Utilities Escrow | (1,453) | | (1,453) |
| Prepaid Beach House Fees | 11,650 | | 11,650 |
| Contract Liability - Assessments Received in Advance - Replacement Fund | | 613,013 | 613,013 |
| Net Cash Provided By Operating Activities | 158,173 | 613,013 | 771,186 |
| Net Increase In Cash | 158,173 | 613,013 | 771,186 |
| Cash And Cash Equivalents Balance - Beginning Of Year | 477,956 | 1,229,198 | 1,707,154 |
| Cash And Cash Equivalents Balance - End Of Year | \$ 636,129 | \$ 1,842,211 | \$ 2,478,340 |

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

Litchfield by the Sea Community Association, Inc. (the "Association") is a not-for-profit association incorporated and existing under the laws of the State of 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 eighty-two members. The Association began its operations on June 12, 1978 in the State of Delaware.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements were prepared utilizing the accrual basis of accounting with revenues being recognized when they are billed or due and expenses being recognized when the expense is incurred.

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 to account 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 (commonly referred to as designated reserve funds).

Member Assessments: Association members are subject to monthly 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 assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the outstanding assessments from unit owners. The Association's policy is to retain legal counsel and to place liens on members who are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

An allowance for doubtful accounts receivable has been provided in the financial statements for those accounts management has deemed uncollectible. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balance of assessments receivable at December 31, 2021 is \$62,970.

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.

LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Architectural Review Board Fees: Architectural Review Board Fees consist of impact fees, construction deposits and landscape deposits charged to developer/construction companies. The community impact fee is a non-refundable fee based on the type and duration of a construction project. The community impact is used to defray the costs of repairs to roadways and to compensate for additional security, trash and housekeeping burden placed on the Association's maintenance and security forces during the construction process. The construction and landscaping deposits are based on the type of construction project. The deposits are held in escrow until the projects are completed in accordance with community standards.

Contributed Capital: Association members are charged a one-time fee to provide operating capital for the Association. These fees are collected at the real estate closing.

Property, Equipment and Accumulated Depreciation: Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. The Association will capitalize personal property to which it has title at cost and depreciation will be calculated by an accelerated method for both income tax and financial reporting. Assets will be depreciated over lives of five to seven years.

Contract Liabilities (Assessments Received in Advance – Replacement Fund): The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligation related to the replacement reserve assessments (commonly referred to as designated reserve funds). The balance of contract liability (assessments received in advance – replacement fund) at December 31, 2021 is \$1,842,211.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Association maintains its cash in financial institutions, which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures the balances on deposit at each financial institution up to \$250,000. At December 31, 2021, uninsured balances totaled \$36,785.

NOTE 4 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 9, 2022, the date the financial statements were available to be issued.

LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INCOME TAXES

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2021, the Association elected to file as a homeowners' association in accordance with Internal Revenue Section 528. As such, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners.

NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS (COMMONLY REFERRED TO AS DESIGNATED RESERVE FUNDS)

The Association's governing documents provide that the Association maintains a reserve fund for future major repairs and replacements of the specific components of common property. As of December 31, 2021, the Association accumulated funds of \$1,842,211. These amounts are held in separate accounts and are generally not available for operating purposes. It is the Association's policy that interest earned on these separate cash balances is generally allocated to the designated funds.

The Board of Directors engaged a qualified professional to conduct a study to estimate the remaining useful lives and the replacement costs of common property components. The most recent Reserve Study was conducted in 2017 and an update on that study will occur in 2022. The Association is funding for such future major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs. Because actual expenditures may vary from estimated future expenditures, and the variations may be material, amounts designated for future major repairs and replacements 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 appropriate approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 7 - 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

NOTE 8- FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate-Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

NOTE 8- FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION (CONTINUED)

The Association adopted the requirements of new guidance as of January 1, 2021, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2021. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of January 1, 2021:

| | |
|--|--------------------|
| Fund balance, as previously reported, at January 1, 2021 | \$ 1,248,688 |
| Adjustment | <u>(1,229,198)</u> |
| Fund Balance, as adjusted, at January 1, 2021 | <u>\$ 19,490</u> |

The effect of the adoption is a decrease in 2021 assessments and related income by \$613,013 and a recording of a contract liability (assessments received in advance-replacement fund) at December 31, 2021, of \$1,842,211. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2021 financial statements. Following are the line items from our balance sheet as of December 31, 2021, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

| | <u>Amounts That Would Have Been Reported</u> | <u>Effect of Applying New Guidance</u> | <u>As Reported</u> |
|---|--|--|--------------------|
| <u>Liabilities</u> | | | |
| Contract Liability (Assessments Received in Advance-Replacement Fund) | \$ _____ | <u>\$ 1,842,211</u> | <u>\$1,842,211</u> |
| Total liabilities | 601,428 | 1,842,211 | 2,443,639 |
| <u>Fund Balance:</u> | | | |
| Ending fund balances | 1,956,485 | (1,842,211) | 114,274 |

LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

NOTE 8- FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION (CONTINUED)

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2021, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

| | <u>Amounts That Would Have Been Reported</u> | <u>Effect of Applying New Guidance</u> | <u>As Reported</u> |
|---|--|--|--------------------|
| <u>Revenue</u> | | | |
| Regular assessments | \$2,936,657 | \$ (610,145) | \$ 2,326,512 |
| Interest Income Attributable To Replacement Fund | 2,868 | (2,868) | 0 |
| Excess of Revenues Over Expenses | 707,797 | (613,013) | 94,784 |
| <u>Cash Flows</u> | | | |
| Excess of Revenues over Expenses | 707,797 | (613,013) | 94,784 |
| Increase in Contract Liability (Assessments Received in Advance-Replacement Fund) | | 613,013 | 613,013 |

NOTE 9- SPECIAL ASSESSMENTS

For the year ended December 31, 2021, the Association's board of directors levied a one-time special assessment totaling \$267,098. The proceeds of the assessments were to fund various projects within the Association. Total collections were transferred to the replacement fund and subsequent disbursements for the projects were paid from the replacement fund.

SUPPLEMENTARY INFORMATION

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31

The Association's board of directors engaged a qualified professional to conduct a study to estimate the remaining useful lives and the estimated replacement costs. The following information is based on the study and presents significant information about the components of common property.

| <u>Components</u> | <u>Estimated Remaining Life (Years)</u> | <u>Estimated Cost To Replace</u> | <u>Funding Requirement</u> | <u>Designated For Repairs/Replacements 12/31/2021</u> |
|--|---|--------------------------------------|--------------------------------|---|
| <u>Property Site Elements</u> | | | | |
| Asphalt Pavement, Crack Repair, Patch and Seal Coat, Phased, Oceanside | 1 | \$ 651,206 | \$ 76,372 | \$ 42,804 |
| Asphalt Pavement, Crack Repair, Patch and Seal Coat, River Club | 1 | 823,083 | 96,530 | 191,897 |
| Asphalt Pavement, Mill and Overlay, Oceanside | 7 | 516,250 | 8,862 | 57,462 |
| Asphalt Pavement, Mill and Overlay, River Club | 0 | 1,518,560 | 172,259 | 370,174 |
| Asphalt Pavement, Total Replacement, Oceanside | 16 | 1,932,908 | 15,561 | 71,550 |
| Catch Basins, Inspections and Capital Repairs, Oceanside | 7 | 14,361 | 246 | - |
| Catch Basins, Inspections and Capital Repairs, River Club | 0 | 25,123 | 2,850 | 6,488 |
| Concrete Curbs, Partial | 26 | 115,830 | 540 | 10,605 |
| Fountains, Roundabouts, Phased | 1 | 220,868 | 25,224 | 54,733 |
| Fences, Chain Link, Phased | 21 | 88,814 | 548 | 2,606 |
| Irrigation System, Pump (25 HP) | 0 | 174,820 | 19,831 | 45,151 |
| Irrigation System, Pump (75 HP) | 6 | 376,754 | 7,847 | 25,696 |
| Irrigation System, Phased | 26 | 155,501 | 753 | 8,636 |
| Pipes, Subsurface Utilities | 1 | 446,665 | 50,769 | 114,699 |
| Ponds, Fountain, Large, Osprey Lake | 1 | 223,334 | 26,192 | 25,345 |
| Ponds, Fountains, Remaining | 0 | 406,216 | 46,080 | 104,913 |
| Ponds, Bulkhead, Phased | 1 | 624,397 | 71,129 | 149,151 |
| Security System | 0 | 418,437 | 47,466 | 83,421 |
| Shade Sails and Poles | 0 | 87,410 | 9,915 | 22,575 |
| Tennis Courts, Color Coat | 0 | 316,070 | 35,854 | 81,631 |
| Tennis Courts, Fence, Phased | 21 | 118,797 | 733 | 3,486 |
| Tennis Courts, Light Poles and Fixtures | 10 | 58,586 | 697 | 6,758 |
| Tennis Courts, Surface Replacement, Phased (2017 is Budgeted) | 0 | 476,435 | 54,045 | 123,048 |
| Wood Crossovers and Decks, Phased | 16 | 979,868 | 7,888 | 36,183 |
| Wood Crossovers and Decks, Furniture, Phased | 0 | 99,332 | 11,268 | 25,654 |
| <u>Building Elements</u> | | | | |
| HVAC Equipment, Phased | 0 | 116,585 | 13,225 | 30,110 |
| Interior Renovations | 7 | 139,440 | 2,438 | 13,209 |
| Rest Rooms, Renovation, River Club | 1 | 24,288 | 2,774 | 6,151 |
| Roofs, Metal | 14 | 108,744 | 965 | 7,894 |
| Shades, Motorized | 2 | 66,338 | 3,890 | 11,576 |
| Windows and Doors | 19 | 290,324 | 1,919 | 17,337 |
| <u>Pool Elements</u> | | | | |
| Deck, Pavers | 16 | 20,089 | 158 | 1,205 |
| Fence, Wood | 1 | 30,649 | 3,506 | 7,723 |
| Furniture | 0 | 48,529 | 5,505 | 12,534 |
| Pool Finish, Plaster | 0 | 129,564 | 14,697 | 33,462 |
| Structure and Deck, Total Replacement | 26 | 760,715 | 3,564 | 36,344 |
| | | \$ 12,604,890 | \$ 842,100 | \$ 1,842,211 |

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION ON OPERATING FUND - COMPARISON OF ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 2021

| | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> |
|---------------------------------------|------------------|------------------|-----------------|
| REVENUES | | | |
| Member Assessments | \$ 2,927,405 | \$ 2,912,414 | 14,991 |
| Commercial Units Assessments | 15,872 | 15,872 | |
| River Club Golf Course Assessments | 6,192 | 6,192 | |
| ARB Impact And Review Fees | 1,500 | 500 | 1,000 |
| Beach House Usage Fees | 8,900 | 5,000 | 3,900 |
| Miscellaneous Income | 70,385 | 20,000 | 50,385 |
| Interest Income | 372 | | 372 |
| Late Fees And Fines | <u>7,370</u> | | <u>7,370</u> |
| TOTAL REVENUES | <u>3,037,996</u> | <u>2,959,978</u> | <u>78,018</u> |
| EXPENSES | | | |
| Grounds Contract Maintenance | 247,560 | 246,060 | 1,500 |
| Landscape Maintenance and Supplies | 185,045 | 177,000 | 8,045 |
| Irrigation Maintenance | 23,533 | 27,000 | (3,467) |
| Pool Maintenance And Supplies | 16,047 | 34,500 | (18,453) |
| Fountain Maintenance | 19,980 | 22,250 | (2,270) |
| Pest And Termite Control | 1,377 | 1,550 | (173) |
| General And Common Area Maintenance | 95,668 | 94,752 | 916 |
| Facility Maintenance | 109,572 | 109,571 | 1 |
| Security Service Contract | 636,285 | 605,000 | 31,285 |
| Security Administrative And Telephone | 72,238 | 73,000 | (762) |
| Gate Maintenance | 43,126 | 55,000 | (11,874) |
| Beach House Maintenance | 5,217 | 4,250 | 967 |
| Litchfield Beautification Foundation | 36,000 | 36,000 | |
| Management Agreement | 276,252 | 276,252 | |
| Insurance | 98,769 | 115,000 | (16,231) |
| Office And Administrative Expense | 53,446 | 55,000 | (1,554) |
| Website Expense | 7,780 | 12,000 | (4,220) |
| Bad Debt Expense | 6,795 | 15,000 | (8,205) |
| Legal | 26,917 | 10,000 | 16,917 |
| Accounting | 7,185 | 7,195 | (10) |
| Property Taxes And Licenses | 1,367 | 1,500 | (133) |
| Electricity | 96,250 | 105,000 | (8,750) |
| Water And Sewer | 19,697 | 21,000 | (1,303) |

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION ON OPERATING FUND - COMPARISON OF ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 2021

| | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> |
|----------------------------------|------------------|------------------|------------------|
| EXPENSES (CONTINUED) | | | |
| Disposal | 758 | 1,000 | (242) |
| Telephone | 14,234 | 13,000 | 1,234 |
| Replacement Fund Funding | <u>842,114</u> | <u>842,098</u> | <u>16</u> |
| TOTAL EXPENSES | <u>2,943,212</u> | <u>2,959,978</u> | <u>(16,766)</u> |
| Excess Of Revenues Over Expenses | <u>\$ 94,784</u> | <u>\$</u> | <u>\$ 94,784</u> |

See accompanying notes to financial statements.