



SEAPINES

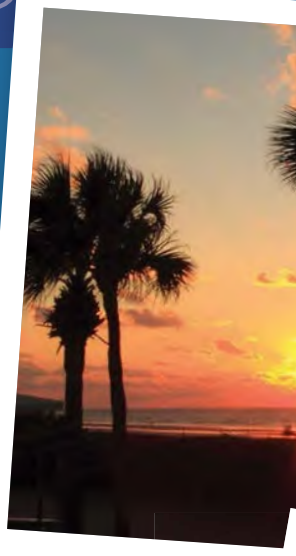
C O M M U N I T Y

CSA



2013 ANNUAL REPORTS

Communi



Community Services Associates, Inc.



CSA 2013 Board Members

**Mang, Bob
President**

Borghesi, David	Adams, Carolyn
Greenfield, Angie	Birdwell, Steve
Hellman, Mike	Corbitt, Cary
Jordan, Mike	King, Mark
Kernan, Joe	Ostergard, Craig
Marsac, Rob	Sigmon, Don
Ryan, Charles	Trunck, John
Widnell, Christopher	Yarborough, Mark

NOTE: Ken Lauerer resigned from the CSA board in June 2013 with a move to Charleston, SC, and Rob Marsac was appointed to fill out Ken's term.

From the President of CSA
Charlie Ryan



Charlie Ryan
President of CSA

Dear fellow members of CSA:

The year 2013 was a time of renaissance for Sea Pines Plantation. The events of the year saw initiatives in strategic planning, property development, traffic control, leisure trail safety, increased gate fees, a successful search for a new Director of Safety and Security, and the implementation of a search for a new CSA Executive Vice President.

I am pleased to report CSA is doing well financially and our balance sheet is strong. To ensure that we maintain that strength, CSA has engaged Protiviti, a Risk Management Company, to determine tangible risks in the areas of taxes, social media, cyber security, and investments. The Protiviti study will continue in 2014, identifying likelihood of risk and measuring consensus regarding the importance of those risks. The rationale for such a study was a desire to make certain CSA and its Board are as aware as is possible of all potential risks, and to make certain such risks can be effectively eliminated or managed.

Three different brokerage firms were asked to review CSA's current insurance policies. After review, the Executive Committee voted to retain Beacon, for property and casualty insurance and BB&T for employee health insurance. CSA self-insures in the event of a natural disaster.

A CSA Task Force completed six-months of activities in 2013 and delivered to the CSA Board a Long

Range Strategic Plan that identified six major issues that Property Owners, Commercial Interests, and the Sea Pines Resort felt required attention. Those issues were then combined into four elements: Governance, Environment, Lifestyle, and Partnerships. The Board of Directors received the Task Force report and then appointed a Strategic Plan Committee to refine the plan. The Committee will be on-going and a series of public forums will share ideas and receive suggestions from Property Owners, Commercial Interests and The Resort. The CSA Executive Committee will review the subsequent committee reports and then make recommendations to the full board regarding implementation of portions of the plan, over a period of years.

CSA appointed a Task Force in 2013 to present property owner questions and concerns to The Sea Pines Resort as it announced plans to build a new Sea Pines Beach Club. A written agreement was negotiated that extended property owner usage of Beach Club parking to ten hours per day, twelve months a year. The Resort agreed to remote parking for staff and lifeguards during peak use and monitoring of overflow parking during tourist season. It also agreed to the transportation of attendees for events, to limit daytime events in peak season, to encourage trolley use, and to constructively work with CSA to improve the entrance to the Greenwood Gate by providing a possible

encroachment agreement on the Sea Pines Resort Welcome Center owned by The Sea Pines Resort.

The new Sea Pines Resort Plantation Golf Club began construction in 2013 and was completed in April of 2014. The Resort worked closely with CSA and the Architectural Review Board to make certain the construction was non-obtrusive and in keeping with the Sea Pines Plantation environment. The result is World-Class. CSA presented a proclamation of appreciation to The Sea Pines Resort in the club's ribbon cutting ceremony.

The CSA Board in 2013 approved a \$1.3 million renovation of Tower Beach. The stunning new venue was completed in late April of 2014 and features a raised pavilion with ocean views, boardwalks, swings, and lockers for beach paraphernalia. It is available only to property owners and their guests.

The CSA Administration Building Phase II Renovation was accelerated into 2013 as it became clear funds were adequate to do so. Updates were made to the HVAC system, building foundation, floors, electrical and lighting, walls, painting, and exterior areas. New carpeting and some additional furnishings were added as well as an additional conference room. All administrative functions are now consolidated at the main entrance to the building, allowing for CSA Security to be accessed only by authorized personnel.

A CSA Task Force Phase I traffic study was completed in 2013 that established a 25- mile-per hour speed limit throughout the Plantation, except where otherwise noted on "T" streets, specific neighborhoods, and at congested or hazardous traffic areas. The plan was approved by the Beaufort County Sheriff's Office. It was then filed with the Register of Deeds.

The Task Force is continuing its Phase II traffic initiative, Leisure Trail Safety. The study identified areas needing attention, working with the Safety and Security Committee and the Finance Committee to determine costs and budgeting for improvements. More than 30,000 rental bicycles enter the Plantation each year with a dynamic impact on leisure trail activity. Additional revenue for this effort has been achieved through the implementation of a \$1 per bike fee to rental companies, similar to the \$1 fee charged visitors and tourists who enter with bikes on their cars.

Discussions were held throughout most of 2013 regarding the advisability of increasing the \$5 Sea Pines Plantation Gate Entry Fee. The Gate Entry Committee recommended in early 2014 to increase the fee by \$1 to \$6 per vehicle. The CSA Board approved the recommendation and the increased fee went into effect April 1, 2014 and has caused no comment or criticism. A percentage of the proceeds from the \$1 increase are to be allocated as follows: 20% to dredging

for future permitting and monitoring of dredging activities, 20% to commercial marketing and trolley lot improvements and the remaining 60% to the General Fund.

The development of the area along Office Park Road by the University of South Carolina Beaufort and the Town of Hilton Head is being monitored by CSA. Residents are concerned that USCB's plans to use the area as a campus for 200 students, upon completion of teaching facilities, will cause added congestion at Sea Pines Circle and hamper Plantation traffic at the Sea Pines gate. The school plans to cap enrollment at the site at 400 students. CSA has advised the Town of Hilton Head of its concern and has asked to be apprised of any traffic studies it commissions. Further, CSA is in the process of identifying professional firms that can analyze the town's studies, ensuring a non-biased assessment of the reports vis-à-vis the affect on Sea Pines Plantation traffic.

Toby McSwain was hired in 2013 as Director of Safety and Security. Toby came to us from the Beaufort County Sheriff's Office where he was a Captain. He has been received with great enthusiasm in our community and has refined the Safety and Security area with new technology and standards. The search that was conducted to fill this important position was highly successful.

CSA formed a committee at the end of 2013 to begin the search for a new Executive Vice President. The national executive search firm of Heidrick & Struggles was engaged and is currently reviewing potential candidates from appropriate sectors. The CSA Search Committee will interview those assessed by Heidrick & Struggles as most qualified and a recommendation will then be made to the CSA Executive Committee and Board. It is hoped we can have a new Executive Vice President on board before July 1.

Our heartfelt thanks to Ward Kirby who came out of retirement to help CSA manage during a four and a half month interim period. Ward, who was the Executive Vice President for nine years prior to his retirement in 2005, has done this community an invaluable service. His skill and rapport have been truly appreciated by the CSA Board, CSA employees, and all with whom he has come in contact during his stay.

Finally, I want to thank all property owners for their input and support and the great CSA staff for their dedication, work ethic, and ability to carry on as we search for a new executive. The CSA Board and committee members have been truly tireless and have worked above and beyond the norm in service to the community and we all owe them a hearty round of applause and heartfelt thanks!



CSA Annual Meeting Minutes

Tuesday, May 14, 2013

1. Call to Order

The 2013 Annual Meeting of Community Services Associates, Inc., was called to order at 3:42 p.m., at the Sea Pines Country Club located on Governors Road. President Bob Mang presided and announced a social get together would be held immediately following the meeting. He further stated the CSA Board had approved the May 29, 2012 annual meeting minutes on behalf of its membership and could be viewed in the annual report.

2. Verification of a Quorum

Secretary Craig Ostergard confirmed that a quorum was present through attendance and by proxy.

3. Announcement of CSA Nominating Committees for Board Elections

a. Nominating Committees – Mr. Mang named the following Chairmen and members of the 2013 Nominating Committees to select candidates for the Class A Residential and Class B Commercial positions for the CSA Board.

I. Residential – Class A:

Charlie Ryan – Chairman
Mike Hellman
Bob Mang

II. Commercial – Class B:

John Trunck – Chairman
Don Sigmon
Mark Yarborough

He encouraged persons interested in serving on the Board to make their interest known to Nominating Committee members or the CSA office.

b. Nomination of Candidates by Petition – President Mang also noted that, in addition to those nominated by the Nominating

Committee, persons may be nominated by petition. The following requirements of the petition process were described.

I. Signed by 50 valid residential or three (3) commercial owners

II. Candidate willing and able to serve

III. Nominee petition reaches Nominating Committee by September 1, 2013

4. CSA Executive Vice President Management Report

Mr. Cary Kelley, CSA Executive Vice President and ASPPPPO Administrator, thanked the board members and committees for all their hard work. They provide the guidance for the projects and setting the high standards for the level of service provided by staff. He then gave a brief overview of the accomplishments made in 2013 and new projects planned.

Maintenance:

- Tower Beach restrooms renovated.
- Underbrush between some of the roadways and leisure trails had been cleaned out.
- Some areas located within the smaller POAs had received additional landscaping in their areas or entrances: Sprunt Pond, Beach Lagoon and Greenwood Forest. Other POAs are in the progress of planning improvements.
- Painting and screening in of utility boxes within Sea Pines is continuing and an on-going process.
- Improved the Greenwood Gate landscape design.

Security:

- Security Bicycle Patrols added to monitor and assist cyclists on leisure trails.
- New security procedures implemented for the RBC Heritage golf tournament due to recent bombing at the Boston Marathon.
- Ordered the first hybrid security patrol vehicle to decrease costs.

Forest Preserve:

- Rice Dike Boardwalk renovation completed.
- Created a wildlife orchard to enhance wildlife habitat.
- A boat storage rack built to improve and enhance the area at Fisherman's Point.
- The yard sale fund raiser has been overwhelmingly well received and another is planned for this fall.
- "The Bonfire" fund raising event which has been overwhelming successful is planned again for this November and everyone was encouraged to obtain their tickets early.

He closed by thanking the Sea Pines Country Club staff and members for providing the venue for today's meeting; to Morgan Stanley Smith Barney for sponsoring the social portion of the meeting.

5. Board of Directors Report

a. Recognition of Outgoing Directors

– President Mang acknowledged the outgoing directors and gave a brief overview of their accomplishments for the community during their tenure: Kathy Carter, George Minot, John McLaughlin and Bob Sowers.

b. Introduction of Board Members – The seventeen members of the CSA Board for 2013 were introduced and

recognized. The residential members are: Dave Borghesi, Angie Greenfield, Mike Hellman, Mike Jordan, Joe Kernan, Ken Lauerer, Charlie Ryan, Chris Widnell and Mang himself. The commercial members are: Mark King, Don Sigmon, John Trunck and Mark Yarborough. Carolyn Adams, Steve Birdwell, Cary Corbitt and Craig Ostergard are the members appointed by The Sea Pines Resort.

c. **Recognition of Committee Members** – The Chairs of the Landscape and Maintenance Committee, Finance Committee, Safety and Security Committee, and Gate Entry Committees were recognized.

d. **Board Actions Overview** – President Mang gave an overview regarding CSA Board actions and stated that two things provided staying power for a business to succeed: financial stability and management. Some of the achievements and/or items being addressed are:

- Improved our revenues by \$114,000 over budget, mostly driven by gate fees.
- Decided it was imperative to be conservative on our expense management and saved \$322,000, for a total of \$446,000 in improved performance against the budget.
- Added over \$1 million into the Infrastructure Reserve Fund, the largest amount ever.
- The application for a permit to dredge is proceeding, thanks to political support. We are hopeful to be moving forward with our dredging in 2013 or 2014.
- The Security Department operations were audited and resulted in some new initiatives: new uniforms to make officers more distinguishable from State Troopers and changes in security department policies and procedures.

- The speed limit plan to improve safety within Sea Pines was finalized after being vetted with the community. We are now awaiting approval from the Sheriff's office.
- CSA is in the process of hiring a new Director of Safety and Security.
- In April, attorneys for CSA and our insurance provider filed an appeal in the Coffey litigation and we are hopeful to have a successful conclusion.
- The board is continuing its work on its initiatives discussed at the 2012 meeting: finances, dredging, reserve funds, communication with the community, customer service and renovation of the CSA Administration Building.
- The board is in the process of developing a Strategic plan for CSA which is being led by Michael Tucker.

6. Financial Overview

Mr. Borghesi, being a new board member and CSA Treasurer, began by thanking the former CSA Treasurer, George Minot, and the current Finance Committee members, in particular Co-chairman, Neil Funnell, for getting him up to speed. The Finance Committee had been hard at work:

- The audit for 2012 had been completed and CSA auditors have, as in the past, determined it is a "clean" report. The auditors further advised keeping the Sea Pines Forest Preserve Foundation and Six Oaks Cemetery separate from CSA due to a technical exception. The audited financial statements were available at the meeting for anyone who wanted a copy.
- The financial statement in the annual report has been changed so it is summarized and easier to read. The

written report more closely follows a format known as management discussion analysis (MDA), a requirement for public companies.

- One of its members will be on the Strategic Planning Committee.
- Procedures have been implemented so that the monthly financial statements will show any deviations from the budget and the board will know how they stand each month in comparison to the budget forecasted for the year and will be aware of any tax liabilities.
- The committee is in the process of revising the financial statement so it shows a monthly cash flow forecast that takes them to the end of the year, which allows them to make better investment decisions during the year.
- An insurance broker of national reputation has been asked to review CSA's insurance policies to ensure CSA has sufficient coverage and reduce the amount of risk.
- Last year, the CSA Board approved the Finance Committee retaining a consultant to determine other risk areas CSA may have and how to address them. The Finance Committee will be reviewing the findings next year.

7. Closing Statement

Mr. Mang thanked Mr. Borghesi for getting up to speed so quickly. He also expressed gratitude to the property owners for their input, especially those who volunteer on our committees. The board depends greatly on their recommendations to take initiatives within the community.

8. Adjournment

The annual meeting was adjourned at 4:10 PM.

Respectfully submitted,
Craig Ostergard
Secretary

2013 CSA Operations

Landscape and Maintenance Committee

2013 Committee Members

Chairman - Mike Hellman

Steve Alfred	Bob Hodde
Christine Beal	Charlie Howell
Cary Corbitt	Terri Konrad
Paul Crunkleton	Lynne Lotz
Eleanore DeSole	Ginger Miller
Barney Greenhill	Becky Pardue

The Beautification and Maintenance Committees were combined to create the Landscape and Maintenance Committee. The rationale was based on the fact that the majority of the ideas generated by Beautification Committee have to be implemented by the Maintenance Department.

The committee, by request and later approved by the CSA Board, created two policies for landscaping open spaces: (1) Policy on Landscaping CSA Open Space by Neighborhoods, guidelines for POAs or HOAs to landscape open space areas such as their entrance to the neighborhood (2) Policy on Landscaping in Open Space by Property Owners, guidelines for individual property owners who wish to landscape in open space near their property.

The committee also decided to include the Stoney Baynard Ruins in their program and plan to make some improvements in 2014.

The Maintenance Department continues to provide a wide variety of services: maintenance of open space, roads, beach walks, irrigation, leisure trails and the majority of lagoons; yard waste pickup, insect control, free mulch delivery to property owners, drainage control, and litter and debris management.

2013 Projects:

- Renovation of Tower Beach approved by CSA Board at \$1.3 million (work to begin with completion in 2014).
- CSA Administration building renovation approved by CSA Board at \$347,000. (Exterior) repairs included: new roof, gutters, some entry doors replaced and exterior painted. (Interior) repairs included: new offices created for the relocation of security admin and new reception area, new carpeting throughout building.
- Approximately three miles of roads were re-paved at a cost of \$769,000.
- Smaller road patching of areas \$65,000.
- Tree root road repairs totaled \$30,000.

- Master drainage work completed at Lawton Canal and Stoney Creek Basin, approximate cost was \$28,000, but CSA was reimbursed by the Town of Hilton Head Island as part of their drainage agreement.
- Additional drainage work was completed in the Otter Road and Isle of Pines area which was also paid for by the Town of Hilton Head Island as part of the drainage agreement.
- Entrance at the Greenwood Gate received a new landscaping design and landscaping.
- Beach Lagoon Entrance received new landscaping after that POA paid for the landscape plan.
- Continuing to landscape CSA open space along the major roadways.
- Utility boxes along all major roadways have been completed, but the program to landscape additional boxes is moving forward.
- Continuing to monitor monthly neighborhood conditions that warrant follow up by maintenance and added the appearance of mailboxes to this program.



Gate Entry Committee

2013 Committee Members

Chairman – Cary Corbitt

Steve Birdwell	Bob Mang
Bob Gossett	Rob Marsac
Mike Hellman	Charlie Ryan
Mark King	John Trunck

The Gate Entry Committee was formed to make recommendations to the CSA Board regarding the Sea Pines Gate Entry Policy and the budgeting associated for Gate Entry revenue and expenditures. The committee also works to enhance the trolley transportation system within Sea Pines, the main goal being to ensure Sea Pines remains a premier community for residential homeowners, short-term rental guests and visitors. In fact, in 2013 the number of trolley passengers

surpassed previous years and the committee carefully reviewed their stops, routes and hours of operation, making adjustments where needed.

The committee's membership consists of commercial representatives from The Sea Pines Resort, South Beach, The Shops at Sea Pines Center and four residential property owners.

2013 had proven to be an active year for the committee. The CSA Board approved their following recommendations:

- Revised and updated the \$5 Gate Entry Brochure for daily visitors
- Created two new specifically designed decals for non-owner members of both the Sea Pines Country Club and the Harbour Town Yacht Club. This allows the non-owner members to purchase a decal instead of calling in passes.
- A revision to the Sea Pines Gate Entry Policy permitting children, ages 12-19 of homeowners whose properties were titled under an LLC, to obtain a Sea Pines Property Owner ID card to access the pools.

- A revision to the Sea Pines Gate Entry Policy allowing delivery trucks coming from Savannah Georgia, or Chatham County, to have free access instead of requiring them to buy a daily pass or commercial decal. (This access fee was usually tacked onto the delivery bill and paid for by the individual property owner.)
- A revision to the Sea Pines Gate Entry Policy, whereby, bicycle companies located outside of Sea Pines are charged \$1 per bike access fee, just like visitors coming through the gates with bicycles on the back of their vehicles. These fees help to offset the maintenance costs or safety improvements made to the leisure trails.

Throughout 2013, the committee negotiated an increase to the \$5 Daily Pass fee, their recommendation was approved by the CSA Board at their December 5th meeting. The daily pass fee was raised to \$6, beginning on April 1, 2014, and the use of the \$1 increase would be allocated as follows: 60% to CSA's General Fund, 20% to commercial use for marketing and trolley lot improvements and 20% to dredging for indirect permitting, monitoring and inspections.



2013 CSA Operations (continued)

Safety and Security Committee and Security Operations

2013 Committee Roster

Chairman – Craig Ostergard

Steve Alfred	Rob Marsac
Nancy Eldridge	Wayne
Joe Fletcher	McGaughey
Angie	John
Greenfield	McLauchlin
Mike Hellman	John Trunck
	Doug Wolter

The Safety and Security Committee assists the Security Department by setting safety guidelines and standards for their operations. The CSA Board approved Phase I of the committee's Traffic and Safety study which sets the speed limits within Sea Pines.

The study was then approved by the Sheriff's office and later was recorded at the Register of Deeds office. Phase II of the study covering leisure trail safety was begun and is continuing.

The primary mission of CSA's Security Department and the committee is to provide a safe and secure environment for Sea Pines residents and visitors. Our goals are to seek, understand and address any underlying issues that will lead to calls for service. We will accomplish these goals through community involvement along with an aggressive enforcement of Sea Pines Rules and Regulations, covenants and South Carolina State law. It is our belief that these collaborative efforts and enhanced problem solving techniques will significantly improve the quality

of life for our residents, and will enhance the experience of our visitors.

The Department takes great pride in its accomplishments, attributing them to the professionalism and pro-active approaches. The Security Department's training directive is one of the most advanced in the State, and one of only a few that equip officers with the X26P Taser, which allows officers an additional step before drawing their weapon.

In 2013, the department made some technological advances and now has upgraded: audio and video gate monitoring, vehicular in-car recording, special software to track reports and GPS tracking.

Reported incidents of crime within Sea Pines have remained consistent over the past five years (2009-2013), with an average of 88 reported incidents per year. Incident Reports are completed when a reportable crime has been committed such as Burglary, Domestic Violence, DUI, Petty Theft, etc. These reports are filed with the Beaufort County Sheriff Office and are recorded under the South Carolina Law Enforcement Division reporting statics.

In 1989, the Security Department was comprised of 45 personnel whose function was to provide patrol and associated services for the plantation.

Currently, the Security Department (Gate Officers, Patrol and Welcome Center) employs 43 full-time and 7 part-time employees, despite an increase in demand for services.

2013 Security Statics

- **Daily Passes Sold:** 402,215
- **Resident/Guest Passes issued by Security Dispatch & Welcome Center:** 219,830
- **Total Arrests:** 19 consisting of (DUI, Public Disorderly, No Driver's License, Reckless Driving, Trespassing, Failure to Stop for Blue Light, Speeding, Open Container, Resisting Arrest)

2013 Financial Report

Financial Summary for Community Services Associates, Inc.

2013 Committee Members

Chairman – Dave Borghesi

Co-Chairman – Neil Funnell

Ed Abrams Jerry Richards

Jeff Herriman Charlie Ryan

Pat Jinkins Jim Smith

Rob Marsac

2013 Year-end Financial Position (\$ in '000's):

The 2013 cash balances of \$2,008 at December 31, 2013, declined by approximately \$650 from the prior year-end, due in large part to a \$431 reduction in deferred revenues (essentially December receipts of the following year's assessments). Because such receipts can vary significantly from year to year, a better view of CSA's financial strength is its current asset balances, net of current liabilities, which increased \$701 to \$9,128 at December 31, 2013.

Capital expenditures amounted to approximately \$924 during 2013. These expenditures were primarily made to replace aging maintenance and security vehicles and equipment (\$241), replacement of Tower Beach Park pavilion and grounds (\$471) and capital refurbishment of the administration and other buildings (\$212).

Prepaid assets of \$57 at December 31, 2013, decreased by \$99 from the prior year-end. The decrease is primarily a result of having to make a deposit with CSA's payroll processing agent at 2012 year end. Year-end 2013 did not require a similar deposit.

Accrued expenses of \$401 at December 31, 2013, decreased by \$99 from the prior year-end primarily due to timing of payrolls at year end.

The designated (for infrastructure repair and replacements) fund balance of \$7,784 as of December 31, 2013, is comprised of \$61 cash, \$7,300 of investments and \$423 in receivables from the undesignated fund related to the purchase and funding of trolleys in 2012. The fund balance increased \$774 from the prior year as a result of \$688 board approved transfer from the undesignated fund and \$86 in investment income, net of comprehensive losses.

Other items:

In December 2013, CSA renewed its \$1 million bank line of credit through December 2014. CSA also maintains a credit line with a financial institution that is the custodian for CSA's investment securities. The credit line is secured by the FMV of securities held with specific credit ratings. No amounts of these credit lines were used during or at the end of the year.

In June 2012, CSA received an unfavorable jury verdict with an award of approximately \$6 million granted to the plaintiff. CSA has appealed the verdict and believes it will be successful in either reducing or overturning the award. As sufficient uncertainty exists as to the amount of loss, if any, that may be incurred; no loss amount can be reasonably estimated. Therefore no amount has been recorded in the 2013 financial statements. CSA maintains liability insurance in amounts exceeding the jury award and accruing interest and is working closely with its insurance carrier on the appeals process. Management believes that insurance coverage will be available, if necessary.

In January 2012, CSA obtained an updated reserve study from a qualified consultant to estimate the current replacement costs of components of property that have limited and predictable useful lives. Management has revised the report for actual replacements, additions or deletions of property from the date of the report to December 31, 2013, and has determined the current replacement cost is approximately \$25.3 million. The study is useful in identifying a complete inventory of components that would require repair or replacement under normal circumstances and provides a benchmark to assure that sufficient annual capital repairs and replacements are being made. However, the study should not be construed as an accurate determination of the cost of replacement under a disaster situation. The scope and cost of repair or replacement of certain components under a disaster scenario may be greater than that contemplated under normal conditions.

Comparison of 2013 revenues and expenses compared to 2012 (\$ in '000's):

CSA revenues of \$9,736 increased by \$469 (approximately 5.1%) compared to 2012. This increase is comprised of three components. Residential assessments increased by \$126 primarily due to a 2.3% residential assessment rate increase. Commercial assessments and fees increased by \$25 (3.8%). Gate and annual entry permit revenues increased by \$318 (10.7%) due to an increase in weekly guest pass fees, bicycle fees and non-resident increased gate traffic volume.

Operating expenses of \$8,952 increased by \$66 (.7%) primarily due to increases in infrastructure project costs and depreciation expense; offset by decreases in G&A costs.

Other income (net of expense) of \$187 decreased \$15.

Investment income of \$257 increased \$43 from 2012 which is a result of greater investment balances. Investments are stated at fair market value and changes in their fair market value are recognized as Other Comprehensive income or loss. Current year comprehensive loss is due to an increase in market interest rates and cost premium amortization.

Community Services Associates, Inc.

Balance Sheets

December 31, 2013 and 2012

(Dollars in '000's)

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 2,008	\$ 2,658
Investments at fair market value	8,616	7,618
Receivables (less allowance for doubtful accounts of \$99 in 2013 and \$116 in 2012)	156	116
Prepaid expenses	57	269
Total current assets	10,837	10,661
Property and equipment (at cost, less accumulated depreciation of \$3,974 in 2013 and \$3,704 in 2012)	5,371	5,008
Total assets	\$ 16,208	\$ 15,669
Liabilities and fund balances		
Current liabilities		
Accounts payable	\$266	\$273
Accrued property taxes	73	60
Other accrued expenses	401	500
Deferred revenue	969	1,400
Total current liabilities	1,709	2,233
Fund balances		
Undesignated	6,715	6,426
Designated for capital replacement	7,784	7,010
Total fund balances	14,499	13,436
Total Liabilities and Fund Balances	\$ 16,208	\$ 15,669

Community Services Associates, Inc.

Statements of Revenues and Expenses

For the Years Ended December 31, 2013 and 2012

(Dollars in '000's)

	2013	2012
Revenues		
Residential property assessments	\$ 5,760	\$ 5,634
Grande Ocean Resort access fees	285	279
Sea Pines Resort, LLC assessments	198	179
Other business land owner assessments and fees	197	197
Commercial assessments and fees	680	655
Gate and annual entry permit fees	3,296	2,978
Total revenues	9,736	9,267
Operating Expenses		
General and administrative	1,756	1,811
Maintenance and sign shop, net	2,931	2,932
Safety and security	2,317	2,356
Major repair and replacement projects	1,136	1,038
Sea Pines Plantation trolley and maps, net	314	326
Depreciation	498	423
Total operating expenses	8,952	8,886
Excess of Revenues Over Expenses From Operations	784	381
Other Income (Expense)		
Investment income, net	257	214
Other comprehensive income (loss)	(164)	162
Other income (expense)	187	202
Total other income	280	578
Total Comprehensive Income	\$ 1,064	\$ 959

Community Services Associates, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2013 and 2012

(Dollars in '000's)

	2013	2012
Cash Flows From Operating Activities		
Total comprehensive income	\$1,064	\$959
Other comprehensive income (gain) loss	164	(161)
Excess of revenues over expenses	1,228	798
Adjustments to reconcile excess of revenues over expenses to cash provided by operating activities:		
Depreciation	498	423
Loss on disposal of equipment	28	14
Realized (gain) loss on investments	65	(31)
(Increase) decrease in current assets:		
Due from property owners, net	(4)	2
Other receivables	(36)	(45)
Prepaid expenses	212	(195)
Increase (decrease) in current liabilities:		
Accounts payable	(7)	(17)
Accrued expenses	(86)	81
Deferred revenue	(431)	(799)
Net cash provided by operating activities	1,467	231
Cash Flows From Investing Activities		
Purchases of investments	(6,164)	(6,785)
Proceeds from sales of investments	4,936	5,492
Proceeds from disposal of equipment	35	33
Acquisition of property and equipment	(924)	(904)
Net cash (used) for investing activities	(2,117)	(2,164)
Net (Decrease) in Cash and Cash Equivalents	(650)	(1,933)
Cash and Cash Equivalents at Beginning of Year	2,658	4,591
Cash and Cash Equivalents at End of Year	\$ 2,008	\$ 2,658

Budget Comparisons

2013 Budget compared to 2013 Actual (\$ in 000's)

Actual revenues of \$9,736 exceeded budget by \$159 primarily due to gate entry permit fees, which are historically budgeted on a conservative basis. Actual operating expenses of \$8,952 were favorable to budget by \$94. Legal fees were not incurred to the extent budgeted, offset by higher depreciation and special project costs incurred as part of capital expenditure projects. During the year, the Board of Directors took action to replace the Tower Beach Park pavilion and to initiate long deferred major maintenance on buildings resulting in total capital expenditures of \$924.

2014 Budget compared to 2013 Actual (\$ in 000's)

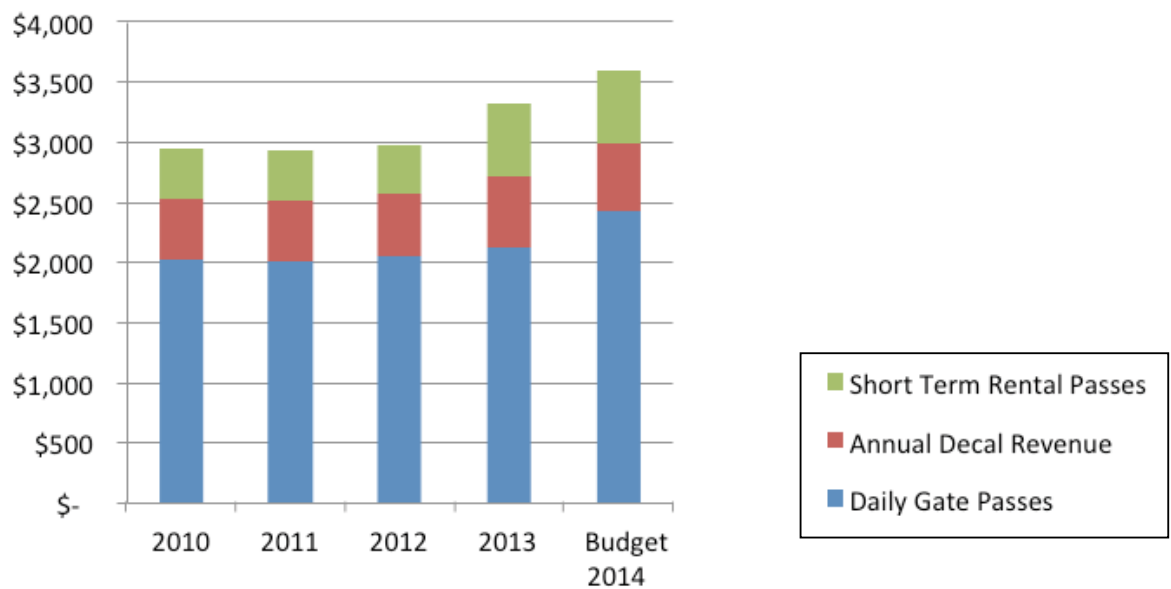
The 2014 budget was approved by the Board of Directors in early December 2013. Since then the board has approved several amendments to the budget and the information presented below reflects those changes. Budgeted revenue of \$10,114 is \$378 greater than 2013 revenues. The increase is derived from the 1.5% increase in residential property assessments and \$297 increase in gate entry permit fees anticipated from the \$1 increase in gate pass fees effective April 1, 2014. Operating expenses are budgeted to increase \$625 from 2013. The primary reasons for the increase pertains to professional search fees for replacing

CSA's Executive Vice President, insurance premiums for an enhanced insurance program, full staffing for the Security and Safety department, and increased gate marketing expenditures allocated from the increased gate pass fee. As a result of non-member revenue increases, the 2014 budget includes \$28 for Federal and state income tax expense. Budgeted capital expenditures of \$1,415 include completion of the Tower Beach Park pavilion, and the administration building projects. The increase in expenditures for equipment and vehicles is a result of continued replacement of patrol vehicles and a replacement of a major maintenance piece of equipment.

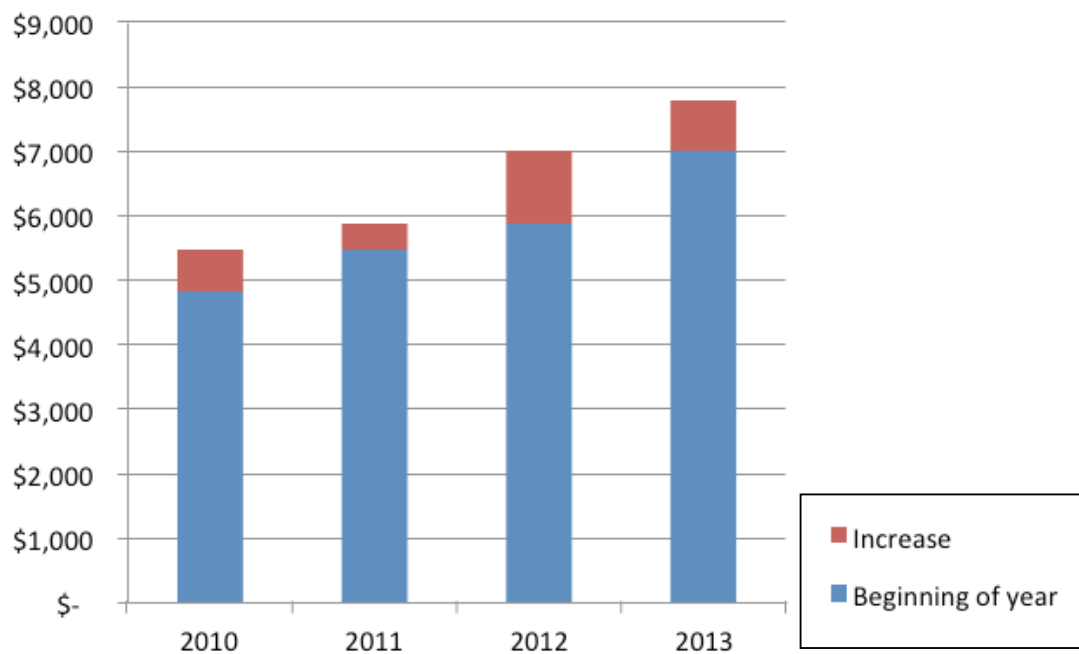
	Budget 2013	Actual 2013	Budget 2014
Revenue			
Residential property assessments	\$5,764	\$5,760	\$5,854
Commercial assessments and fees	642	680	667
Gate entry permit fees	3,171	3,296	3,593
Total Revenue	9,577	9,736	10,114
Expenses			
Maintenance	2,996	2,931	2,983
Safety and security	2,348	2,317	2,639
General and administration	1,968	1,756	1,937
Major repair and replacement projects	959	1,136	1,128
Sea Pines Plantation trolley and maps, net	335	314	387
Depreciation	440	498	503
Total Expenses	9,046	8,952	9,577
Operating income	531	784	537
Investment income, net	270	257	317
Other comprehensive income (loss)	-0-	(164)	(87)
Other income, net	214	187	172
Total Other Income	484	280	402
Total Comprehensive Income	\$1,015	\$1,064	\$939
Capital Expenditures			
Tower Beach Park	-0-	471	822
CSA administration and other buildings	60	212	150
Vehicles and equipment	203	241	443
Total Capital Expenditures	\$263	\$924	\$1,415

Additional Information

Gate Entry Fees	2010	2011	2012	2013	Budget 2014
Daily Gate Passes	\$ 2,018	\$ 2,012	\$ 2,059	\$ 2,123	\$ 2,424
Annual Decal Revenue	509	501	512	571	569
Short Term Rental Passes	425	417	407	602	600

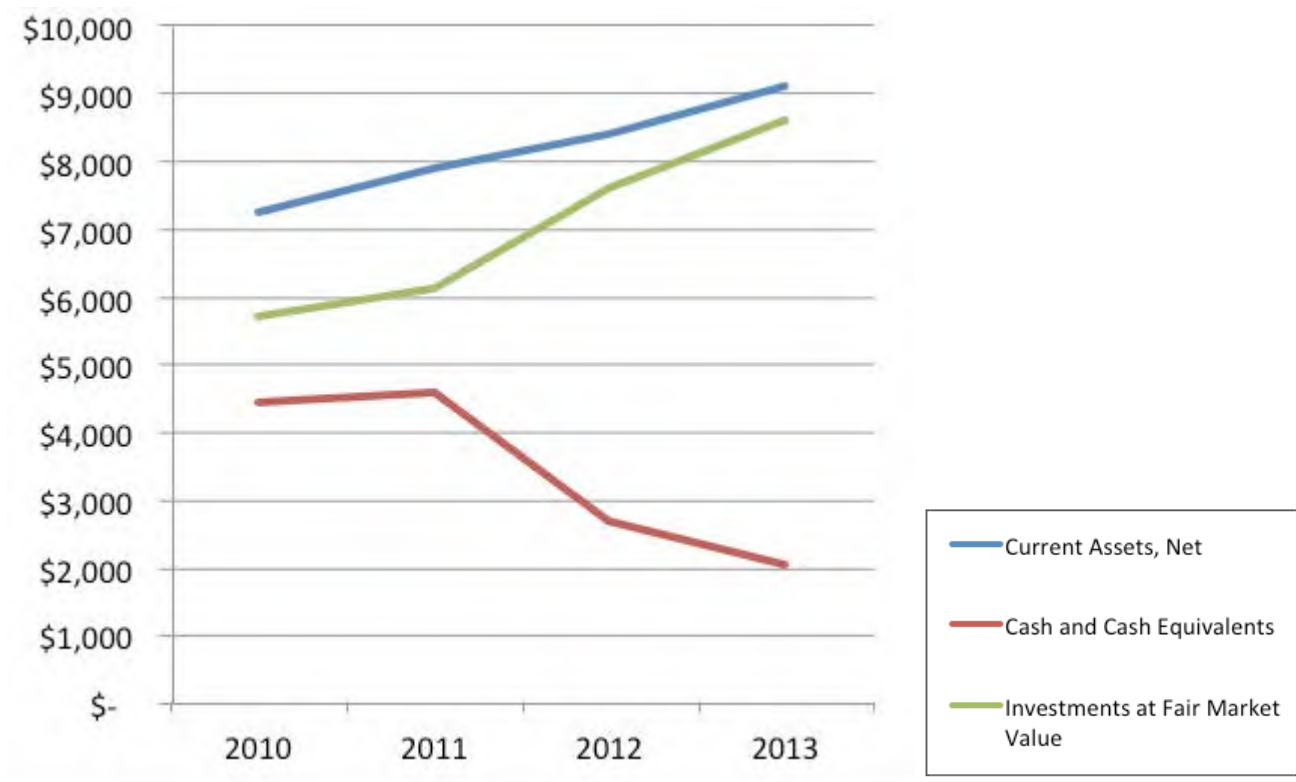


	2010	2011	2012	2013
Year End Designated Fund Balance				
Beginning of year	4,835	\$ 5,462	\$ 5,869	\$ 7,010
Increase	627	407	1,141	774
End of year	5,462	5,869	7,010	7,784



Additional Information

	2010	2011	2012	2013
Current Assets, Net	\$ 7,266	\$ 7,902	\$ 8,427	\$ 9,128
Cash and Cash Equivalents	4,450	4,591	2,658	2,008
Investments at Fair Market Value	5,700	6,132	7,618	8,616



A copy of CSA's audited 2013 financial statements may be obtained by contacting Accounting at (843) 671-1343 or csarecords@csaseapines.com or 175 Greenwood Drive, Hilton Head Island, SC 29928-4506.

Six Oaks Cemetery

Six Oaks Cemetery Board and Sea Pines Forest Preserve Foundaion Board 2013

Chairman – Bob Mang

Dave Borghesi Charlie Ryan
Craig Ostergard Don Sigmon

Six Oaks Cemetery Advisory Committee 2013

Chairman – Bob Mang

Administrator – John Hunter

Dr. Michael Kathy
Fritz Wilcox
Betsy Kunkle Patty
Phil LoPresti Zensinger
Dr. Harry
Maxon



Six Oaks Cemetery, Inc. is a 501(c)(13) not for profit corporation, created to operate and manage the Six Oaks Perpetual Care Cemetery. Its board consists of five members who are the current officers of the CSA Board, plus one member who is appointed.

The cemetery is located off of Greenwood Drive, within a larger area of approximately 24 acres which includes the Six Oaks Park (portion of the original Lawton Plantation). The developed portion of the cemetery occupies 5.6 acres at the present time.

An Advisory Committee was created in 2011 to allow for a line of communication between cemetery owners and the board. This committee meets to discuss issues that arise regarding the maintenance guidelines and standards for the cemetery. In 2013, a new landscaping company was retained and

many improvements were made to the property including irrigation, tree trimming and the installation of sod.

Revenues are derived principally from the sale of internment facilities. Expenses are incurred for general administration and marketing costs, burial expenses, landscape maintenance and required contribution to the Perpetual Care Trust Fund. Investment income from the Perpetual Care Trust Fund may be transferred to the cemetery to offset the cost of maintenance; however, no such amounts were transferred in 2013.

The cemetery's board voted to transfer any excess revenue over expenses from the cemetery into the Perpetual Care Trust Fund. The board also authorized a review of the Perpetual Care Trust Fund investments to increase the return on principal.

Financial Summary

	2013	2012
Total Assets	\$ 256,748	\$ 233,964
Liabilities	\$ 62,620	\$ 47,595
Net Assets	194,128	186,369
Total liabilities and net assets	\$ 256,748	\$ 233,964
Support and revenue	\$ 337,693	\$ 275,436
Expenses	329,934	272,799
Change in net assets	\$ 7,759	\$ 2,637

Sea Pines Forest Preserve Foundation

Forest Preserve Committee Members 2013

Chairman – Ted Allenbach

Rob Bender	Charlie Miner
Elizabeth Blackburn	James Smith
Mary Gray	Andrew Summers
Ward Kirby	

The Sea Pines Forest Preserve Foundation is a 501(c)(3) non-profit organization that was established in 1993, with the major responsibility of ownership, maintenance and enhancement of the Wildlife Habitat Zone. Its board consists of five members who are the current officers of the CSA Board, plus one appointed member. The board established the Sea Pines Forest Preserve Committee to assist them in protecting and maintaining the ecosystem while encouraging outdoor recreation through careful development of Forest Preserve infrastructure. The Foundation is funded by an annual property owners' solicitation mailing, the sale of Forest Preserve calendars, T-shirts, hats, and "The Bonfire" and yard sale fund raising events.

The Sea Pines Forest Preserve Committee began a series of positive changes in 2011 that have continued to date under Committee Chairman, Ted Allenbach. 2013 was the third year for the yard sale and "The Bonfire" dinner and silent auction fundraiser. Both of these events bring the community together, are well attended and highly praised by residents who

participate. A great way to have fun while supporting a good cause and raising funds for projects in the Preserve!

In 2013, tickets for "The Bonfire" sold out quickly and approximately \$30,000 was raised for projects planned in 2014. The Committee and Foundation would like to thank the five sponsors of the 2013 event: H2O Sports Nature Center, Heritage Classic Foundation, Greg's Decks, Dock & Seawalls, Inc., Atlantic Asphalt Company and BB&T. The Sea Pines Resort has supported "The Bonfire" since its inception and in 2013, Shelton Vineyards donated their wonderful wine. Again, thank you! The funds raised will help pay for the replacement of the dock at Fisherman's Point.

The yard sale also had another successful year, in big part due to the book drive, our sincere gratitude to all those who were responsible for making it possible.

Projects accomplished in 2013:

- The boat storage area was re-vamped and boat decals were required by those who stored them in the Preserve. Revenue from the sales of \$50 boat decal fee fund the maintenance and improvements related to boat access.
- Creation of a wildlife orchard near Fisherman's Point
- Conducting a fish population/health survey
- Planting the Warner W. Plahs Wildflower Field
- Lake Joe stocked with catfish to promote kids fishing

Financial Summary

	2013	2012
Total Assets	\$ 439,350	\$ 388,445
Liabilities	\$ 5,189	\$ 9,743
Net Assets	434,161	378,702
Total liabilities and net assets	\$ 439,350	\$ 388,702
Support and revenue	\$ 156,272	\$ 136,860
Expenses	100,812	84,003
Change in net assets	\$ 55,460	\$ 52,857



Association of Sea Pines Pla



ntation Property Owners, Inc.



ASPPPO 2013 Board Members

Marsac, Rob
President

Beal, Christine

Borghesi, David

Crunkleton, Paul

Jordan, Mike

Kernan, Joe

Mang, Bob

Ryan, Charles

Widnell, Christopher

NOTE: Ken Lauerer resigned from the ASPPPO board in June 2013 with a move to Charleston, SC, and Paul Crunkleton was appointed to replace Ken.

From the President of ASPPPO
Mike Jordan



Mike Jordan
President of ASPPPO

Fellow ASPPPO Members,

I want to welcome the new Directors: Mark Griffith, Charlie Miner, and Michael Tucker, and recognize Paul Crunkleton who has ably filled a vacant seat since last spring. The entire Board also extends its gratitude to Christine Beal, Bob Mang, and Rob Marsac for their service during their terms.

The officers of ASPPPO for 2014 are: Mike Jordan, President; Chris Widnell, Vice President; Mark Griffith, Treasurer; and Paul Crunkleton, Secretary.

ASPPPO, officially the Association of Sea Pines Plantation Property Owners, Inc. and Advisory Board, is a South Carolina non-profit corporation. Any residential property owner may be a member of ASPPPO by applying for membership and payment of the annual dues.

ASPPPO has one underlying purpose: to represent the interests of the residential property owners of Sea Pines Plantation. The 2014

Board is a capable group from a variety of professions. The Board is involved, attentive, and serious. Our views sometimes differ, and the debate can be lively.

It is also gratifying that Sea Pines property owners and the Property Owners Associations are becoming more involved in community affairs.

2014 will be a year of transition. Over the last year the Resort made major investments in its properties in the Plantation. The new Plantation Club is open, the Beach Club is nearing completion, and work has commenced on the new clubhouse for Harbour Town. These new facilities show the Resort's dedication to the Plantation. And while there was the occasional bump in the road, these projects are complete or fully underway. The dredging of the Harbour Town basin and at the south end proceeded without problems. The renovation at Tower Beach is complete. These matters were sometimes hot topics, but are behind us now.

So what are the goals for 2014? The first commitment of the 2014 Board of Directors was to change the tone of our meetings. Every director recognizes that the ASPPPO Board serves the owners. When the Board interacts with property owners, every Director will extend the courtesy each of you deserves and expects. We can disagree; the Directors often do. The views of the Board may differ from our guests, but we are friends, neighbors, and live in the same community, and will act accordingly.

The next tasks, which are ongoing, are to keep our meetings open and welcoming and to expedite the dissemination of information affecting the community. We now post our meeting minutes on the website immediately after their approval by the Board. If an owner requests that we post an ASPPPO document, we try to follow through. ASPPPO minutes for the past three years are now posted on the website.

ASPPPO is fiscally sound. In 2013 our revenue exceeded our expenses, in part due to the good work of Dave Risk, our Land Use Monitor. Dave is ASPPPO's employee. He does a great job of keeping on top of the appearance of residences and making sure contractors have the necessary permits and are doing approved work. The unforeseen but welcome benefit of the Land Use Monitor is a substantial reduction in ASPPPO's legal fees, which is a significant component of our positive year-end balance.

We are all aware of the ongoing development of a long term strategic plan by CSA. ASPPPO applauds the efforts of those involved in the CSA plan and believes it will result in thoughtful solutions to many of the questions raised. And we all agree that ASPPPO is and will remain an independent body dedicated solely to promoting the interests of the property owners.

ASPPPO's Board understands that to represent the owners as we move forward, we need to understand their views and objectives. Sea Pines is a diverse community. We have full-time residents, part-time residents, and absentee owners. Some owners rent their property, others do not. Some would support a vibrant resort, others prefer a quiet community. Residences range from modest homes to spectacular mansions. The Board is keenly aware that as we assess issues such as the strategic plan, the construction of a USCB campus on Office Park Road, and the ever present issue of traffic. We need information to properly represent the views of the owners. That is a joint responsibility. The Board can and may commission a comprehensive survey, but any sur-

vey is only as good as its response. The Board encourages owners to attend our meetings, give us your ideas, participate in your POA's, and if we ask for your thoughts and opinions, please take the time to respond.

Our owners have unlimited talent and experience. Let's take a long view, be patient and courteous, and keep the vision of this beautiful community.

Very truly yours,

A handwritten signature in dark ink, appearing to read "J. Michael Jordan". The signature is stylized with a large, looping initial "J" and a long, horizontal stroke extending to the right.

J. Michael Jordan

ASPPPO Annual Meeting Minutes

Tuesday, May 14, 2013

The Annual Meeting of the Association of Sea Pines Plantation Property Owners, Inc., was called to order at 3:00 p.m. in the Sea Pines Country Club located on Governors Road. President Rob Marsac presided and welcomed everyone to the meeting. Those in attendance were thanked for taking an interest in the community. It is a chance for the board to provide information to its constituents with insight and information on the board's actions. The Sea Pines Country Club and their staff were also thanked for hosting today's meeting.

1. Establish a Quorum

ASPPPO Secretary, Christine Beal confirmed that those present in person or by proxy constituted a quorum for the transaction of business.

2. Approval of the May 29, 2012 Meeting Minutes

A motion was made to accept the minutes of the May 29, 2012 Annual Meeting as submitted in the annual report. The motion received a second and was unanimously passed.

3. Announcement of Nominating Committee Membership

As required by the ASPPPO By-laws, the ASPPPO Nominating Committee for 2013 was announced: Christine Beal, Chris Widnell, Charlie Ryan and President Marsac.

The ASPPPO Nominating Committee will work in conjunction with the CSA Nominating Committee and will begin their work late this summer and in the fall will present a slate of

candidates to run in this year's board election. Three seats are vacant this year and no incumbents are running. Messer's Hellman and McLauchlin have completed their two year terms and cannot run again; Mrs. Greenfield has decided not to run for personal reasons. It is very important to have responsible, sensible board members and members were encouraged to nominate friends or those who would be good candidates for the ASPPPO Board by contacting the CSA office or the ASPPPO Nominating Committee.

4. Introduction of the ASPPPO Board Members

The ASPPPO Board members and its officers were introduced and acknowledged for their dedicated service to the Sea Pines community.

Officers:

President	Rob Marsac
Vice-President	Ken Lauerer
Treasurer	Chris Widnell
Secretary	Christine Beal
Dave Borghesi	Joe Kernan
Mike Jordan	Bob Mang
Charlie Ryan	

Being a board member involves significant effort and energy. Each member also serves on either a committee or sub-committee to address specific issues or goals determined by the full board.

5. Recognition of Outgoing ASPPPO Board Members –

President Marsac acknowledged Angie Greenfield, Mike Hellman and John McLauchlin for their service to the Sea Pines community and noted some of their accomplishments during their tenure.

Angie Greenfield served on various committees and acted as ASPPPO's Treasure. Mike Hellman previously served as ASPPPO's President, a CSA Board member, as well being a member on several committees of both boards. John McLauchlin served on many ASPPPO and CSA committees and also served as the CSA Board President.

6. ASPPPO Board Committees

The board decides its key goals, what current issues need to be addressed and creates committees to help address issues. A brief overview on the purpose of each committee was given.

7. ASPPPO Board Update

- The ASPPPO Board considered ASPPPO's strategic purpose and its responsibilities to ensure that the board was making a meaningful contribution to the community.
- The referendum to open the Sea Pines County Club membership had been held and was passed. Almost 50% of the property owners returned their ballots (2,900) and 92% supported the referendum. The success of the referendum suggests that property owners feel the club plays a valuable role in the commu-

nity and it is in the best interest of Sea Pines for the club to be successful. Karl Becker was thanked for his work on composing the referendum; Shirley Beaver, Tom Lennox, John Matthews, Kathy Wilcox and Greg Clark were also recognized for all their efforts.

- Every indication has been received that a majority of property owners are in favor of renovating the Sea Pines Beach Club. However, some have expressed concern over access, parking and congestion. The committee has been in active discussions with The Sea Pines Resort to come up with a plan that will satisfy all the entities involved.

8. Communications Initiatives

Ken Lauerer spoke on the improvements made in communicating within the community. Over the past year and a half, the board has tried to address concerns regarding communication. Some of the steps taken to improve in this area were:

- **Newsletter** – Ensure it contained meaningful information, was more visually appealing and easy to read.
- **Community Coffee Meetings** – The structure of the meetings changed so issues the board was dealing with were discussed and it was explained to property owners how the board was addressing them.

- **Website** – Summaries of the meetings, board meeting minutes and other information are being posted to the website so all information is in one place for easy access.
- **E-mail blasts** – E-mails are being sent to property owners on pertinent information or activities within the community on an as-needed basis so property owners are not overwhelmed with excessive information.
- **Special E-mail Accounts** – Special e-mail addresses have been set up for property owners to ask questions or express their concerns on issues such as the Sea Pines Beach Club. Over 131 messages were received and answered with only about 10 being negative or critical.
- **Facebook Page** – Established to obtain more input and communicate with residents.
- **Open Board Meetings** – Open board meetings are now available for property owners to attend.

Ken Lauerer, encouraged property owners to contact him with any other suggestions for improvement.

9. Land Use Monitor Initiatives

The position of the Land Use Monitor was initiated late last year after receiving numerous complaints from property owners. His duties included three areas: inspect ARB renovation, address property owner complaints and pro-actively correct unkempt properties that do not meet Sea Pines standards. Standards for him to use as a guideline were developed using the 1970 Land Use Covenants as a baseline. Later, the monitoring of commercial contractors was added and there are now 21 standards used as a guideline. Mr. Ryan has worked closely with the Land Use Monitor and the ARB to help resolve some on-going construction issues in the plantation and believes they are being resolved. The Land Use Monitor position was budgeted for a three day work week at a cost of \$30,000 and to date has proved to be very effective.

10. Closing Remarks

Mr. Marsac thanked the staff at CSA for their support to ASPPPO during the year and also expressed thanks to those property owners in attendance for taking the time to be at the meeting and taking an interest in the community.

11. Adjournment

The annual meeting was adjourned at 3:40 PM.

Respectfully submitted,

Christine Beal
Secretary

ASPPPO Operations

ARB Liaison

One of the responsibilities of the ASPPPO board is to appoint two property owners to serve as full-members of the Sea Pines Architectural Review Board (ARB). Also, the Alternate ARB member is jointly appointed by both the ASPPPO and CSA Boards.

The ASPPPO President appointed Charlie Ryan, an ASPPPO Board member, as an ARB Liaison to attend the Sea Pines Architectural Review Board's (ARB) weekly meetings during 2013. Mr. Ryan provided an update at the ASPPPO Board meetings on current ARB issues and helped to maintain an open line of communication between the two.

Land Use Monitor

The purpose of the Land Use Monitor is to follow up on any complaints regarding unkempt yards and properties that are in violation of the Sea Pines covenants. In 2013, the ASPPPO Board approved a list of Land Use Monitor Standards to use as guidelines. The Land Use Monitor program was started in 2012 and hired David Risk to fill this position, and his role continues to prove very successful. ASPPPO Board members, Mike Hellman and Charlie Ryan, worked closely with David Risk in 2013; Mr. Risk managed to stay under budget and resolve numerous complaints, instead of beginning litigation which resulted in lower legal fees for ASPPPO.

Density Unit Count

The 1974 Covenants define the maximum number of Dwelling Units in The Sea Pines Plantation to be 5,890. The number of villas, condominium units, townhouse units, cooperative apartment units and apartment units (together defined as Class "B") is limited to a maximum of 2,100. The remaining units (defined as Class "A") are required to be detached single-family residences.

ASPPPO has primary responsibility for the enforcement of these Covenants, and does so in cooperation with the Community Services Association (CSA), the Architectural Review Board (ARB), and the Sea Pines Resort (SPR), the other major entities that, together, are the principal stakeholders in the regulation of the residential units in the Community.

The most recent inventory of all Sea Pines residences has been found to contain minor errors and inconsistencies. An updated version, which is in progress, will be presented to the community upon completion.

Joint ASPPPO and CSA Short-Term Rental Committee

At the 2013 annual meeting, a property owner expressed concern with respect to rental practices of single family homes. Also, correspondence addressed to the ASPPPO Board expressing the same concerns had been received. This issue had been addressed in prior years; however, the ASPPPO Board suggested moving forward to form a joint task force with CSA to further evaluate rental properties in Sea Pines.

Later in the year, the task force reported that there is nothing in the Sea Pines covenants that prohibits the rental of a single family residence. However, two items had come to light during their research: property owners practicing online renting of their property and circumventing the rental pass program and property owners using their single family dwellings as a commercial Bread and Breakfast (B&B). Those found operating a B&B were put on notice to cease and desist or the Town of Hilton Head would be notified of their operations and litigation would be initiated.

Sea Pines Liaison Task Force

A special task force was formed by the ASPPPO and CSA Board members in 2013 to communicate the concerns of residential property owners to The Sea Pines Resort regarding the renovation of the Sea Pines Beach Club. Their goal was to gather and evaluate information to ensure the rights guaranteed in the Sea Pines covenants were honored and protected for all parties. They met with representatives of the Sea Pines Resort to discuss their plans and later, relayed them to property owners so one source of accurate information could be provided.

As a result of these meetings an agreement was reached and approved at the June 2013, ASPPPO Board meeting. Some of the items negotiated were:

- Property owner usage of the Sea Pines Beach Club was extended from eight (8) hours per day / eight (8) months a year, to ten (10) hours per day/twelve (12) months a year.
- Remote parking for staff and life-guards during peak times of the year.
- Monitored overflow parking at the Sea Pines Plantation Club and at the Sea Pines Beach Club during the peak of tourist season.

- Transportation for attendees of events.
- Encourage use of bicycles for authorized Beach Club users.
- Limit daytime events during peak summer season or provide transportation.
- Encourage usage of the CSA Sea Pines Trolley System by authorized users of the Beach Club.
- Transportation to and from The Inn at Harbour Town for guests as needed.
- Collaboration and cooperation in the development of an exclusive residential property owners' parking site on property owned by CSA to improve Beach Club access.
- The Sea Pines Resort will constructively work with CSA to improve the entrance to the Greenwood Gate by providing a possible encroachment agreement on The Sea Pines Resort Welcome Center parcel owned by Sea Pines Resort.

Water Treatment Nuisance

In response to property owners' complaints received prior to 2013 regarding odors from South Island PSD pumping stations, this committee was formed to monitor, locate and document problem areas to form a baseline to determine what is natural and what is not. SCDHEC (the State regulatory agency) has been asked to participate in their research.

South Island PSD later corresponded to the board that the District's Odor Abatement Plan is in compliance with SCDHEC and is strictly followed every day. Also, the letter further suggested that some of the odor may be coming from lagoons and marsh areas when the bottom sediment migrates to the top of the lagoon due to air temperature fluctuations causing a natural process that releases hydrogen sulfide into the atmosphere. Later in 2013, the number of complaints dwindled and this was attributed to the milder temperatures this season. Also, South Island PSD notified ASPPPO that the improvements to their plant's operation to control odors had been made. It was doubted that all the odors would ever be truly eradicated.

2013 ASPPPO Financial Statements

Financial Summary for the Association of Sea Pines Plantation Property Owners, Inc.

ASPPPO's net assets increased \$13,499 (3%) during 2013 based on \$129,119 of revenue less \$92,724 of expenses and \$7,471 of unrealized investment holding loss. Revenue was \$4,651 less than the prior year due to fewer owners paying dues and investments bond premium amortization.

Membership dues for 2013 were \$1,921 less (2%) than the prior year and represented 76% of eligible Sea Pines property owners. Membership

is voluntary and dues were based on \$30 for an owner of a family dwelling unit and \$15 for an owner of a residential lot. Owners with more than one Sea Pines property only pay dues based on one of the properties.

Total expenses for program and support services during 2013 were \$189 more than the prior year due to less for legal expense related to covenant enforcement, less for the Greenwood entry traffic study completed in 2012, offset by more for land use monitoring, consulting, property cleanup costs, newsletter editing,

printing, postage, and membership dues solicitation expenses.

ASPPPO's 2014 budget plans for a \$4,782 (1%) increase in net assets due to increased program services costs for additional newsletter fulfillment, land use monitor, postage, covenant enforcement actions and professional and legal fees. The 2014 budget plans for no significant increase of supporting services expenses.

ASPPPO 2014 Budgeted Activities and Changes in Net Assets

2014 Revenue budget

Membership dues	\$117,075	88.5%
License plate income	850	0.6%
Newsletter ad fees	3,328	2.5%
Investment income, net	11,060	8.4%
Total budgeted revenue	132,313	100.0%

2014 Expense budget

Program services	111,769	84.5%
Supporting services	15,762	11.9%
Provision for income taxes	-	0.0%
Total budgeted expenses	127,531	96.4%

Budgeted increase of net assets

\$4,782	3.6%
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ASPPPO, Inc.

Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2013 and 2012

	2013	2012
Support and Revenue		
Membership dues	\$ 116,924	\$ 118,845
License plate income	730	973
Newsletter advertising fees	3,640	2,392
Interest income and realized gain on investments, net	7,825	11,560
Total support and revenue	129,119	133,770
Expenses		
Program services:		
Postage and printing	45,166	39,922
Land use monitor	19,462	2,464
Insurance	11,062	9,853
Annual and open meetings	5,133	4,265
Consulting	4,800	-
Property cleanup net cost	3,175	990
Legal fees	1,857	9,717
Miscellaneous	2,069	1,568
License plate costs	-	1,283
Greenwood entry traffic study	-	22,473
Total program services	92,724	92,535
Support services:		
Accounting and ballott certification fees	2,255	2,160
Bank charges	252	202
CSA service fee	7,920	30,996
Facilities Usage	4,308	4,308
Telephone	690	600
Total support services	15,425	38,266
Total expenses	108,149	130,801
Change in net assets	20,970	2,969
Other comprehensive unrealized holding gain (loss) for investments	(7,471)	1,482
Net Assets at Beginning of Year	462,997	458,546
Net Assets at End of Year	\$ 476,496	\$ 462,997

ASPPPO, Inc.

Statements of Financial Position

As of December 31, 2013 and 2012

	2013	2012
ASSETS		
Assets		
Cash and cash equivalents	\$ 105,654	\$ 210,260
Investments	454,542	335,805
Prepaid expenses	7,903	5,873
Total assets	\$ 568,099	\$ 551,938
LIABILITIES AND NET ASSETS		
Liabilities		
Advances by CSA	\$ 6,083	\$ 6,441
Membership dues received in advance	85,520	82,500
Total Liabilities	91,603	88,941
Net Assets		
Unrestricted	488,563	467,593
Accumulated other comprehensive investment gain (loss)	(12,067)	(4,596)
Unrestricted net assets	476,496	462,997
Total liabilities and net assets	\$ 568,099	\$ 551,938

ASPPPO, Inc.

Statements of Cash Flows

For the Years Ending December 31, 2013 and 2012

	2013	2012
OPERATING ACTIVITIES		
Change in net assets	\$ 20,970	\$ 2,969
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities: (Increase) decrease in:		
Account receivable - property owner	-	35,217
Prepaid expenses	(2,030)	(461)
Increase (decrease) in:		
Advances by CSA	(357)	764
Membership dues received in advance	3,020	375
	<hr/>	<hr/>
Net cash provided (used) by operating activities	21,603	38,864
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Proceeds from redemption of marketable securities investments	188,012	40,000
Proceeds from redemption of certificates of deposit investments	-	98,175
Purchases of marketable securities investments	(314,221)	(131,259)
Net cash provided (used) for investing activities	(126,209)	6,916
Net increase (decrease) in cash	(104,606)	45,780
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	210,260	164,480
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS END OF YEAR	\$105,654	\$210,260
	<hr/> <hr/>	<hr/> <hr/>

SEAPINES

175 Greenwood Drive
Hilton Head Island, SC 29928

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