

SEA PINES  
COMMUNITY SERVICES  
ASSOCIATES, INC.



# 2021 ANNUAL REPORT

**Sea Pines**

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COMMUNITY SERVICES ASSOCIATES

# Sea Pines

COMMUNITY SERVICES ASSOCIATES

In September of 1987, Community Services Associates, Inc. (CSA) was formed for the purpose of providing management, protection of property rights, preservation and enhancement of property values and to insure the continuation of Sea Pines as an integrated resort/residential/recreational community. In December of 1988, Sea Pines CSA accepted title to roadways, leisure pathways, streets, open spaces, lagoons, ditches, and other properties, real and personal, in order to carry out its purpose. In addition to acquiring ownership of said property, Sea Pines CSA assumed the responsibility of collecting and administering the property owner assessments and other revenues to be used for the performance of community services, including revenues from Sea Pines entry gates.

## Sea Pines CSA Manages:

- **1,200 acres of open space and greenbelts**
- **67 miles of paved roads**
- **17 miles of paved leisure trails**
- **4 miles of beach access, pedestrian sidewalks and breezeways**
- **2,250 catch basins**
- **185 acres of drainage lagoons, canals, ponds, and lakes**
- **36 miles of drainage pipes**
- **605 acres of community leased and maintained Sea Pines Forest Preserve & wildlife habitat and environmental sanitary zones**
- **10 acres of beach access breezeways and boardwalks**
- **Tower Beach: A Residential Property Owner Amenity on 3.28 acres**
- **Community Center Leased Space of 5,200 sq. ft**
- **Sea Pines CSA Administration Office 10,000 sq. ft.**
- **Trolley Transportation System & Beach Shuttle Program**
- **Welcome Center Pass Office: Leased Space**
- **Maintenance Facility & Vegetative Debris Recycling Facility**



# 2021 SEA PINES CSA

## *BOARD MEMBERS*



Larry Movshin\*, Chairman

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Carolyn Adams\*

Barry Barth

Steve Birdwell

Dave Borghesi\*

Cary Corbitt

David Ellis

Bill Johnson

Jim Kaskie\*

Mark King

Charlie Miner

David Pardue

Scott Richardson

Don Sigmon\*

Bob Sowers

Richard Speer, Jr.

Greg Thomson

*\*Executive Committee Member*



# 2021 ANNUAL MEETING MINUTES

## **Annual Meeting May 3, 2021**

An Annual Meeting of Community Services Associates, Inc., (CSA), was held on Monday, May 3, 2021, via videoconference.

**Present from the Board of Directors, were:** Larry Movshin, Chair; Carolyn Adams, Secretary; and Dave Borghesi, Treasurer

**Present from Community Services Associates, Inc., were:** Sam Bennett, President; Victoria Shanahan, Director of Finance and Administration and Sandra Archer, Executive Administrator

## **Call to Order**

The meeting was called to order by Larry Movshin, Chair, at 10:00 a.m., Eastern time.

## **Establishment of Quorum**

Carolyn Adams, Secretary, announced that quorum was established by those present via videoconference, or by proxy.

## **Call to Recess**

Chair Movshin called the CSA Annual Meeting to recess, at 10:05 a.m. The CSA Annual Meeting will reconvene, following the adjournment of the Association of Sea Pines Property Owners and the Advisory Board's Annual Meeting.

## **Call to Reconvene**

Chair Movshin called the CSA Annual Meeting to reconvene, at 10:45 a.m.

## **Announcement – Nominating Committees, Class “A” and “B”**

Chair Movshin announced the Residential Nominating Committee, Class “A”, 2021: Bill Johnson; Chair, David Ellis, David Pardue and Chair Movshin; Ex-Officio.

Chair Movshin announced the Commercial Nominating Committee, Class “B”, 2021: Mark King; Co-Chair, Don Sigmon; Co-Chair and Chair Movshin; Ex-Officio.

## **Announcement – Date of Record, Election, 2021**

Chair Movshin announced the Date of Record, Election, 2021: October 1, 2021.



### **Board of Directors Report**

#### **Recognition of Outgoing Board Members**

Chair Movshin acknowledged and thanked Board Members, Class "A" and "B": Bill Johnson, James Richardson, Stu Rodman and Don Sigmon, for their terms of service, ended December 31, 2020.

#### **Introduction of Board Members**

Chair Movshin acknowledged and welcomed newly elected Board Members, to serve a three (3) year term, beginning January 1, 2021. Class "A" Members: Charlie Miner, Bill Johnson, Greg Thomson and Class "B" Member: Don Sigmon.

Chair Movshin acknowledged the CSA Board of Directors, 2021, for their commitment and service. Officers: Larry Movshin, Chair; Jim Kaskie, Vice President; Carolyn Adams, Secretary; Dave Borghesi, Treasurer and Don Sigmon, Member at Large. Directors: Barry Barth, Steve Birdwell, Cary Corbitt, David Ellis, Bill Johnson, Mark King, Charlie Miner, David Pardue, Scott Richardson, Bob Sowers, Rich Speer and Greg Thomson.

#### **Chair Remarks – Chair Movshin**

- 2020 presented a year of challenges with change in CSA leadership, both Chair and President and arrival of Covid-19 pandemic;
- Strong lines of communication created and CSA focused on protecting community and staff throughout pandemic;
- Solution for long term funding needs achieved through successful passage of Referendum, 2020, with 88% of community support. \$35 million in additional funds to be targeted for infrastructure repair over the next ten years;
- Life in Sea Pines has changed over recent years. Increased time spent in Sea Pines by property owners and increased volume of visitors and guests have resulted in more cars on roads, crowded leisure trails and parking difficulty at Harbour Town, Tower Beach, Beach Club and South Beach areas;
- CSA is understaffed. Current budgeted staffing levels will not be able to adequately service and successfully manage Sea Pines and the demands brought by the increase in property owners, visitors and guests;
- CSA staffing levels will need to be expanded. Revenue must be raised to attract and maintain top staff. A Revenue Task Force, to analyze long term operational needs, has been created. All potential sources of revenue to be reviewed;
- CSA Sea Pines Land Use Management Rules and Regulations to be in effect July 1, 2021, to be complied by Owners, Guests and Renters;
- Maintenance, Enhancements and Major Projects Committee to study impact of leaf blower use on the community and present findings/recommendations to the Board;
- CSA to review, with Town of Hilton Head planners, options for Gallery of Shops site development;
- Control of ebike entry into community, under review;
- Sea Pines to be maintained as a premier residential resort community.

### **Financial Overview – Dave Borghesi**

- 2020 YE Financial Statements, examined by Elliott Davis, auditor, fairly reflected financial position and operations;
- Financial Statements, Auditor Report and Property Owner Report, 2020, available on SeaPinesLiving.com;
- A high level summary comparison of 2019 to 2020 Financials and Budget, 2021, provided;
- Gate Revenue, 2020, declined significantly less than expected, at just \$219,000;
- o Expenses, increased by \$455K, as result of increased insurance premiums and wage inflation, necessary to maintain staffing levels in Security Department;
- o Other Income, \$1.1M, Small Business Administration/Paycheck Protection Program Grant, used to maintain payroll during Covid-19 pandemic, forgiven.

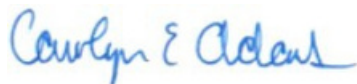
### **President Remarks – Sam Bennett**

- Following success of Covid-19 vaccination program, CSA to begin shift towards more normal operations;
- Communications successfully maintained throughout pandemic. Board of Directors and Committee meetings held as scheduled, hosted by videoconference;
- Online voting for Board of Directors elections, under review. Governance Committee to bring recommendation to Board;
- Short term rental properties continue to increase. Approximately 2,100 properties currently registered with CSA;
- Greenwood Corridor, including Gallery of Shops and Greenwood Gate, to be top priority. CSA to work with Town leadership, through master planning, to ensure proper corridor function;
- Tower Beach to have attendant in place through November 2021, as well as peak dates during 2022. New Property Owner IDs to be issued following implementation of new Safety and Security management software;
- Sea Pines Forest Preserve donations, received: South Beach Marina/Salty Dog Fundraiser proceeds, Residential Property Owner \$250,000 private pledged contribution and Sea Pines Resort initiative for \$2/night/room voluntary contribution by Resort Guests. Donations to enhance the Forest Preserve;
- Ebikes entering community is a challenge to be addressed. Leisure paths unable to sustain volume of traffic;
- Job market challenges faced by CSA, as elsewhere. Competition for candidates extends throughout neighboring counties;
- Sea Pines remains a distinct community, with expected increase in visitors/future residents.

### **Adjournment**

With no further business to come before the Board, Chair Movshin adjourned the meeting at 11:25 a.m. The next scheduled Annual Meeting of the CSA Membership, to be held via videoconference. Date to be determined.

Respectfully Submitted,



Carolyn Adams  
Secretary

## 2021 SEA PINES CSA COMMITTEES

The purpose of committees is to make recommendations to the Board on how to address Board's goals and to meet the needs of the community. We'd like to take a moment to thank all the members of each of our committees.

### MAINTENANCE ENHANCEMENTS & MAJOR PROJECTS COMMITTEE

This committee will advise the Sea Pines CSA Board to exercise its oversight responsibilities regarding maintenance and major repairs and replacement, enhancements and capital projects for Sea Pines CSA consistent with Sea Pines CSA policies, goals, objectives and guidelines.

#### 2021 Committee Members Chairman - Barry Barth

Alfred, Steve  
Denny, Richard  
Hodde, Bob  
Johnson, Bill

Pardue, Becky  
Parsons, John  
Pender, Bill  
Sharp, Tom

Sigmon, Don  
Smith, Fritz  
Thomas, Ron

### GATE ENTRY COMMITTEE

This committee will advise the Sea Pines CSA Board to exercise its oversight responsibility concerning Sea Pines Gate Entry Policy and associated pricing for Gate Entry revenue and expenditures. The committee will gather, evaluate and present data to support recommendations to the Board consistent with Sea Pines CSA policies, goals, objectives and guidelines for ensuring Sea Pines is a premier resort residential community.

#### 2021 Committee Members Chairman – Cary Corbitt Vice-Chairman – Bill Johnson

Birdwell, Steve  
Bragg, Andrea  
Crunkleton, Paul  
de Vallette, Kerry

Erickson, Jennifer  
Furr, Jamie  
Gransee, David  
Hafer, Edmund

King, Mark  
Sigmon, Don  
Thomas, Ron  
Warner, Edward Jr.



## SAFETY AND SECURITY COMMITTEE

This committee will advise the Sea Pines CSA Board to exercise its oversight responsibilities regarding safety and security concerns for: operations and planning, gathering and evaluation of data to support safety and security decisions in consistency with Sea Pines CSA policies, goals, objectives and guidelines.

### 2021 Committee Members Chairman - Bill Johnson

Calahan, Scott	Crunkleton, Paul	LaMarca, Felice
Cantalupo, Jim	Eldridge, Nancy	Tomczak, Margaret
Crawford, Bob	Jenkins, Derek	

## STRATEGIC PLANNING COMMITTEE

This committee will provide review and insight to the Sea Pines CSA President and Sea Pines CSA Board regarding the future activities needed to preserve Sea Pines as a premier destination for individuals and families to work, reside and visit now and in the future years. The Strategic Planning Committee coordinates recommendations for future plans for CSA and makes recommendations to the Sea Pines CSA Board of Directors on those plans.

### 2021 Committee Members Chairman - David Pardue

Bennett, Sam	Johnson, Bill	Rodman, Stu
Birdwell, Steve	King, Mark	Scanlon, Paula
Esposito, Ann	Lennox, Tom	Thomson, Greg
Gill, Jeffrey	Quinn, Bob	Tucker, Michael
Herskovits, David	Richardson, Scott	Ward, Jack

## FINANCE COMMITTEE

This committee will advise the Sea Pines CSA Board to exercise its oversight responsibilities regarding Sea Pines CSA finances, accounting, tax reporting, budgeting, financial risk management and financial reporting consistent with Sea Pines CSA policies, goals, objectives and guidelines.

### 2021 Committee Members Chairman - Dave Borghesi

Barth, Barry	Herskovits, David	Sigmon, Don
Burns, Keith	Leahy, Lee Ann	Speer, Rich
Dontas, Peter	McEnery, John	Tarbox, Andrea
Esposito, Ann	Richardson, Scott	Weber, Rob
Farrenkopf, John		

## GOVERNANCE COMMITTEE

This committee will advise the Sea Pines CSA Board with respect to Sea Pines CSA By-Laws, Sea Pines CSA Director nominations and election process, new Board member orientation, work with Sea Pines Resort on future covenant modifications and development of Leadership Program to support Sea Pines CSA initiatives and provide/develop an ongoing source of Sea Pines CSA Committee and Board members.

### 2021 Committee Members Chairman - Jim Kaskie Vice-Chairman - Greg Thomson

Barth, Barry	Gagen, Janemarie	Stevens, Lee
Birdwell, Steve	King, Mark	Sywassink, George
Cruden, Alex	Richardson, Scott	Thorne, Vail
Ericson, David	Slaggert, Paul	

## SHORT TERM RENTAL COMMITTEE

This committee will advise the Sea Pines CSA Board in exercising their responsibilities to enforce the Covenants and other rules and regulations governing the short term rental of residential property within Sea Pines Community.

### 2021 Committee Members Chairman – David Ellis

Adams, Carolyn	de Vallette, Kerry	Munro, John
Barnes, Amy	Eagle, Paula	Serral, Beverly
DelToro, Armando	Hall, John	

## LAND USE MANAGEMENT COMMITTEE

Our Land Use Management Committee (LUM) was established to provide review and insight to the ASPPPO and CSA Boards regarding non-compliant properties within the Sea Pines community. The Land Use Management Committee facilitates implementation of Board approved actions, to bring such properties onto compliance with appropriate Sea Pines Covenants and Sea Pines community standards.

### 2021 Committee Members Co-Chair – Dana Guazzo Co-Chair – Charlie Miner

Bennett, Sam	Kotler, Chuck	Stevens, Lee
Cruden, Alex	McCray, Henry	Suhre, Jonathan
Gay, Karen	Mustard, Martha	Warner, Ed
Johnson, Susan	Rasch, Cathie	

## COMMUNICATIONS COMMITTEE

This committee will identify ways to improve communications and create greater community awareness of Sea Pines CSA operations and achievements. This committee will serve as a conduit between the various committee chairs and the community at large; helping communicate the goals, actions and accomplishments of all Sea Pines CSA committees.

### 2021 Committee Members Chairman – David Ellis

Erny, Barbara  
Pedraza, Angela  
Weber, Mary Jo  
Wolfe, Michael



# FINANCIAL SUMMARY FOR SEA PINES CSA

## 2021 Revenues (\$ in '000's)

CSA operating revenue of \$13,856 increased by \$1,552 compared to 2020. The increase is the net effect of three principal components: property assessments, increase in daily visitor gate entry, and short-term rental fees. Daily gate entry fees increased by \$1,043 and short term rental fees increased by \$339, both attributable to the increased number of passes issued as a result of greater tourism activity over COVID-19 impacted 2020. While residential assessments increased by \$77 due to the increase in the Consumer Price Index, commercial assessments declined by \$46, as their assessments were based upon 2020 revenue.

## 2021 Expenses (\$ in '000's)

Operating expenses of \$14,861 increased by \$1,968 (or 15.3%) primarily as a result of expanded operations in the Maintenance Department, increases in General and Administrative related to significant insurance premium and increased litigation giving rise to legal fees, and the remediation efforts related to Tropical Storm Elsa.

## 2021 Other Income (\$ in '000's)

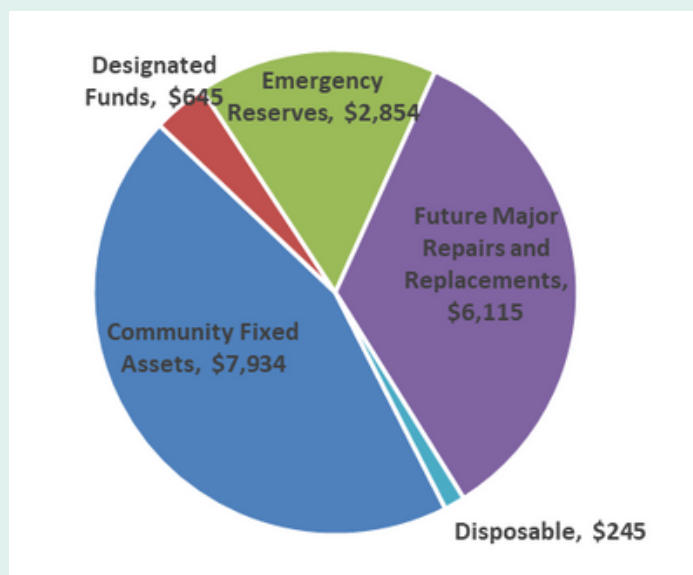
Other Income (net of expenses) used (\$53) compared to \$1,512 in 2020. Other income in 2020 included a governmental grant of \$1,111. This represents CSA's Paycheck Protection Program loan which has been fully forgiven by the Small Business Administration. Investment income declined as a result in a decrease in the fair market value of the fixed income investments due to a rise in market interest rates.

## 2021 Year-End Financial Position (\$ in '000's)

The 2021 year-end cash and cash equivalent balances of \$3,050 increased by \$39 over the prior year end.

Because cash balances can vary significantly for reasons other than operating results, a better view of CSA's financial strength and flexibility is its current assets, net of its current liabilities, which was \$9,784 at December 31, 2021, a decrease of \$582 (5.6%) over prior year end primarily due to expenses exceeding revenues in 2021.

Total fund balances of \$17,793 is made up of \$7,934 of unexpendable community fixed assets, \$645 of designated funds and \$2,854 in emergency reserves, leaving \$6,360, which are invested in fixed income and preferred securities. \$6,115 (per the independent Reserve Study) of these securities are allocated for future major repairs and replacements of common property which results in \$245 of disposable fund balance.





Capital expenditures amounted to \$319 during 2021. Major expenditures included the purchase of maintenance vehicles (\$222) and equipment for the Security Department (\$28).

Fixed asset balances decreased from the prior year by \$481, which resulted from the aforementioned capital expenditures, net of depreciation expense of (\$800).

In January of 2021, residential property owners approved, by a certified vote of more than 87% of those submitting a ballot, to amend applicable Covenants to provide for additional assessment revenues to be placed in an Infrastructure Improvement Fund for use of specified projects. Such additional funding is expected to raise approximately \$3.5 million annually.

On March 15, 2021, a residential property owner filed an amended complaint in the United States District Court of South Carolina. The amended complaint alleges, in part, that the Association did not have the right to call for a referendum to amend the Sea Pines Covenants and seeks, among other things, to invalidate the referendum and results thereof. Ultimate resolution of this litigation cannot be predicted at this time.

The Association's Board of Directors recognized the severity of the infrastructure failures and authorized commencement of several of these infrastructure improvements projects despite not being able to collect the additional assessment revenues. These expenditures are being recorded against the Board Designated Fund Balance for Infrastructure Improvements to be reimbursed upon validation of the results of the 2021 referendum or other sources.

### **Other Information**

CSA maintains a bank line of credit of \$5 million, available for remediation expenses from natural disasters. 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 value of investments that maintain a specific credit rating. Neither line of credit was used during 2021 or 2020.

CSA is recognized as a tax-exempt organization under IRS Code Section 501(c)(4). No provision for income tax expense has been recorded for 2021 and 2020.

An updated infrastructure reserve study was received in May of 2020. The current estimated replacement cost of components of common property that have limited and predictable useful lives is approximately \$31 million. The 2020 updated study does not include an evaluation of the storm water system. A storm water infrastructure system analysis, completed in 2016, estimated that, on average, \$1,100 should be expended annual over the next 30 years for the maintenance, repair and replacement.

Additional information is contained in CSA's audited 2021 financial statements and may be obtained on our website at [www.SeaPinesLiving.com](http://www.SeaPinesLiving.com).

**SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.**

**BALANCE SHEETS**  
**December 31, 2021 and 2020**  
(Dollars in '000's)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,050	\$ 3,011
Investments at fair value	9,623	10,404
Accounts receivable, net of reserve for bad debts of \$52 and \$53, respectively.	82	156
Due from related parties	124	366
Inventory	15	-
Prepaid expenses and deposits	<u>59</u>	<u>1</u>
Total Current Assets	12,953	13,938
<b>Property and Equipment</b>		
Property and equipment, net of accumulated depreciation of \$6,112 and \$5,396, respectively	7,934	8,415
<b>Right of Use Asset</b>	<u>75</u>	<u>149</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 20,962</u></u>	<u><u>\$ 22,502</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,019	\$ 390
Accrued payroll and related benefits	405	535
Deferred revenue	1,666	2,571
Operating lease liability	<u>79</u>	<u>76</u>
<b>Total Current Liabilities</b>	<u>3,169</u>	<u>3,572</u>
<b>Non-Current Liability</b>		
Operating Lease Liability	<u>-</u>	<u>79</u>
<b>Total Liabilities</b>	<u>3,169</u>	<u>3,651</u>
<b>Fund Balances</b>		
Undesignated	1,632	2,334
Infrastructure improvements	(1,387)	-
Designated		
Property and equipment, net	7,934	8,415
Capital replacement	6,115	5,115
Emergency reserves	2,854	2,500
Other	<u>645</u>	<u>487</u>
Total Fund Balances	<u>17,793</u>	<u>18,851</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 20,962</u></u>	<u><u>\$ 22,502</u></u>

**SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.**

**STATEMENTS OF REVENUES AND EXPENSES**

**Years Ended December 31, 2021 and 2020**

**(Dollars in '000's)**

	<b>2021</b>	<b>2020</b>
<b>OPERATING REVENUES</b>		
Residential assessments	\$ 6,518	\$ 6,441
Other property owner assessments		
Sea Pines Resort, LLC assessments	232	261
Other commercial assessments	69	86
Total other property owner assessments	<u>301</u>	<u>347</u>
Gate entry and permit fees	6,621	5,164
Other operating revenue	<u>416</u>	<u>352</u>
 Total Operating Revenue	 <u>13,856</u>	 <u>12,304</u>
<b>OPERATING EXPENDITURES</b>		
Maintenance department, net	4,051	3,459
Safety, security and trolley operations, net	3,788	3,654
General administration	3,211	2,433
Major repairs and replacements	2,298	2,159
Facilities	487	411
Depreciation	800	777
Tropical Storm Elsa	<u>226</u>	<u>-</u>
 Total Operating Expenditures	 <u>14,861</u>	 <u>12,893</u>
<b>OPERATING INCOME (LOSS)</b>	 <u>(1,005)</u>	 <u>(589)</u>
<b>OTHER INCOME (LOSS)</b>		
Investment income, net	84	540
Governmental grant	-	1,111
Other income, net	<u>(137)</u>	<u>(139)</u>
 Total Other Income (Loss)	 <u>(53)</u>	 <u>1,512</u>
 <b>REVENUES OVER (UNDER) EXPENDITURES</b>	 <u><u>\$ (1,058)</u></u>	 <u><u>\$ 923</u></u>



**SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2021 and 2020**  
**(Dollars in '000's)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Revenues over (under) expenditures	\$ (1,058)	\$ 923
Adjustments to reconcile excess revenues over expenditures to cash provided by operating activities:		
Depreciation and amortization	936	777
Loss (Gain) on disposal of equipment	(112)	(30)
Unrealized (gain) loss on investments	264	(197)
Non Cash rental expense	(1)	1
(Increase) decrease in current assets:		
Other receivables	317	(291)
Decal inventory	(15)	-
Prepaid expenses	(58)	(1)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	497	(61)
Due to property owners	-	(494)
Deferred revenue	<u>(904)</u>	<u>2,381</u>
Net Cash Provided (Used) by Operating Activities	<u>(134)</u>	<u>3,008</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(4,571)	(4,999)
Proceeds from redemption of investments	4,951	4,569
Proceeds from disposal of equipment	112	34
Acquisition of property and equipment	<u>(319)</u>	<u>(181)</u>
Net Cash Provided (Used) by Investing Activities	<u>173</u>	<u>(577)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	39	2,431
Cash and Cash Equivalents, beginning of year	<u>3,011</u>	<u>580</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 3,050</u></u>	<u><u>\$ 3,011</u></u>

# BUDGET COMPARISONS (\$ in '000's)



## **BUDGET COMPARISONS (\$ in '000's)**

The budgeted amounts as presented below have been updated for Board approved amendments made through 2021, and for 2022 amendments made through March 29, 2022.

### **2021 Actual Results Compared to 2021 Budget**

Actual operating revenues of \$13,856 compared favorably to budget by \$1,272 due to a significant increase in the number of gate entry and permit fees. Actual operating expenses were under budget by \$1,655 primarily as a result of the North Sea Pines Drive reconstruction project not being complete in 2021 and extending into 2022.

### **2022 Budget Compared to 2021 Actual Results**

Budgeted revenues of \$13,962 reflects an increase of \$106. The increase is derived from the 3.75% increase in residential property owner fees. Operating expenses are budgeted to increase \$4,810 (32%) over 2021 actual operating expenditures. Budgeted community development activities, to include the community-wide outsourced maintenance contract (\$1,000), were reclassified from maintenance to general administration. Major repairs and replacements budget results from the delay in completion of the initial phase of North Sea Pines Drive reconstruction that will be completed in 2022 together with an estimate for a full reconstruction of South Sea Pines Drive from Lighthouse Road to Audubon Pond Road. Major repair and replacement projects are budgeted at \$7,557 and is principally for road reconstruction (\$6,851), bridges, boardwalks, and leisure trail repair (\$575) and facilities repair (\$83).

Excluding depreciation and major repair and replacement projects, the budgeted expenses of \$11,312 are comprised of CSA payroll related costs of \$6,199 and \$5,113 of other operating expenses which includes a significant amount of outsourced maintenance costs. Increase of payroll related expense is due mainly to increased wages in the security and maintenance departments and an increase in premium costs for employer provided health insurance.

Capital expenditures are budgeted at \$631 and includes replacements for vehicles (\$220) and for maintenance equipment (\$320).

The budget for Other Income/Expense assumes available dedicated marketing funds will be expended in 2022. Investment income is based on estimated earnings from corporate fixed income investments, net of premium amortization. Market gains or losses are not budgeted.

## Cash Flow

The CSA Board, with the assistance of the Finance Committee, monitors its current assets (principally cash and investments) periodically throughout the year. Cash and investments are projected to the end of the year as each month's actual results of operations and capital expenditures are reported. The ability to make reasonable forecasts allows the Board to determine if available cash flow from operations can be invested in additional unbudgeted but desired capital assets or major projects. A simple calculation can be used to approximate operating cash flow excluding changes in net current assets, as follows:

<u>Budget</u>	<u>2021 Actual</u>	<u>2022 Budget</u>
Income (loss)	\$ (1,058)	\$ (5,921)
Plus depreciation	800	802
Plus unrealized gain and plus amortization	400	84
(Less) capital expenditures	<u>(319)</u>	<u>(631)</u>
Equals operating cash flow	\$ (177)	\$ (5,666)

The 2022 budget anticipates the use of funds from the assessments for Infrastructure Improvements, or other yet to be identified sources, to fund the 2022 deficit.



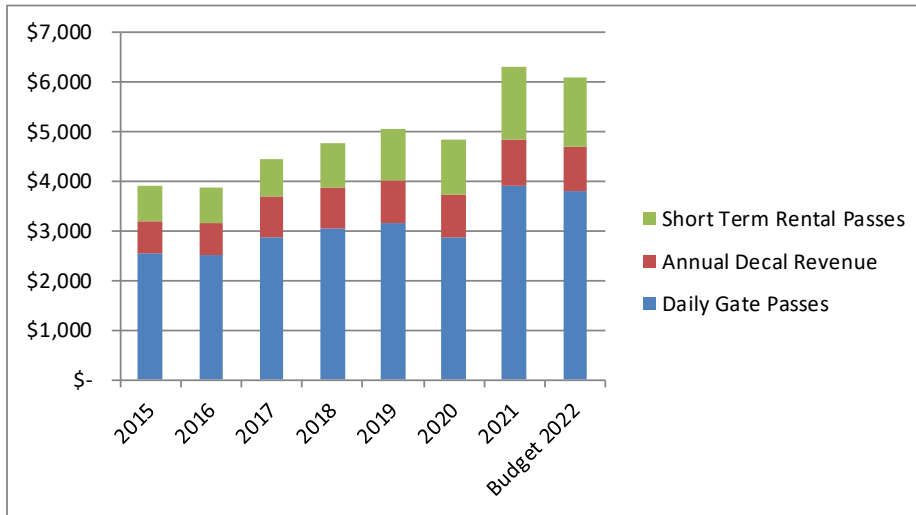
**SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.**

	<b>Amended Budget 2021</b>	<b>Actual 2021</b>	<b>Amended Budget 2022</b>
<b>OPERATING REVENUES</b>			
Residential assessments	\$ 6,519	\$ 6,518	\$ 6,773
Commercial property assessments	295	300	413
Gate entry and permit fees	5,414	6,621	6,462
Other operating revenue	<u>356</u>	<u>417</u>	<u>314</u>
Total Operating Revenue	<u>12,584</u>	<u>13,856</u>	<u>13,962</u>
<b>OPERATING EXPENDITURES</b>			
Maintenance, net	3,936	4,051	2,590 *
Safety, security and trolley operations, net	3,860	3,788	3,826
General administration	3,388	3,211	4,472 *
Facilities	461	487	424
Depreciation	759	800	802
Major repairs and replacements	4,112	2,298	7,557
Tropical Storm Elsa	<u>-</u>	<u>226</u>	<u>-</u>
Total Operating Expenditures	<u>16,516</u>	<u>14,861</u>	<u>19,671</u>
<b>Excess of Expenditures over Revenues from Operations</b>	(3,932)	(1,005)	(5,709)
<b>OTHER INCOME/ (EXPENSE)</b>			
Investment income, net	201	84	153
Other income (expense)	<u>(326)</u>	<u>(137)</u>	<u>(365)</u>
Total Other Income (Expense)	<u>(125)</u>	<u>(53)</u>	<u>(212)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u><u>\$ (4,057)</u></u>	<u><u>\$ (1,058)</u></u>	<u><u>\$ (5,921)</u></u>

\* - Budgeted community development activities (\$1,000), including the community-wide out-sourced maintenance contract, was reclassified from maintenance to general administration for 2022.

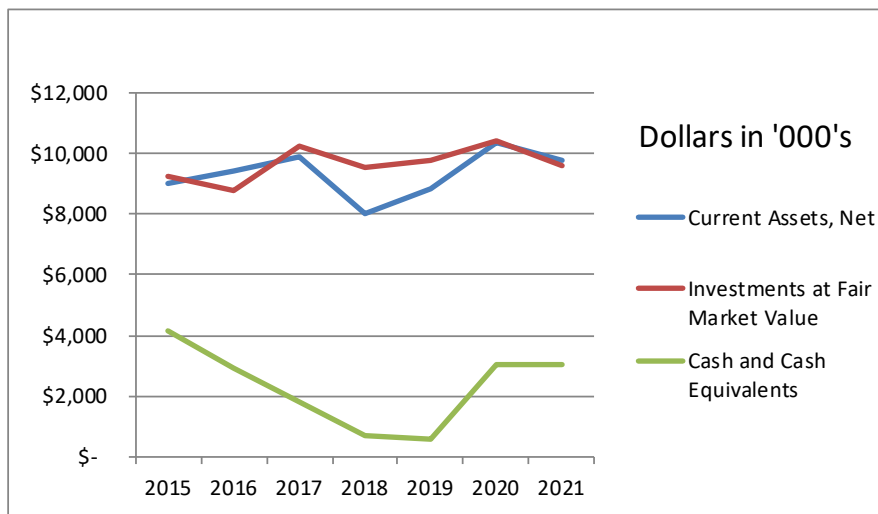
## Additional Information

	2015	2016	2017	2018	2019	2020	2021	Budget 2022
<b>Gate Entry Permits</b>								
Daily Gate Passes	\$ 2,554	\$ 2,521	\$ 2,861	\$ 3,046	\$3,169	\$ 2,878	\$ 3,921	\$ 3,781
Annual Decal Revenue	636	620	815	826	843	836	923	914
Short Term Rental Passes	719	733	759	872	1,026	1,110	1,449	1,391



**Dollars in '000's**

	2015	2016	2017	2018	2019	2020	2021
Current Assets, Net	\$ 9,028	\$ 9,439	\$ 9,913	\$ 8,028	\$8,845	\$10,366	\$ 9,784
Investments at Fair Market Value	9,246	8,785	10,217	9,522	9,776	10,404	9,623
Cash and Cash Equivalents	4,129	2,919	1,809	676	580	3,011	3,050



## How to Contact Us

### *Sea Pines CSA Administration Office*

Hours: M-F 7:30 AM - 4:30 PM

Phone: 843.671.1343

Email: [info@csaseapines.com](mailto:info@csaseapines.com)

### *Sea Pines Security Dispatch*

Hours: 24/7/365

Phone: 843.671.7170

Email: [dispatch@csaseapines.com](mailto:dispatch@csaseapines.com)

### *Sea Pines CSA Maintenance Office*

Hours: M-F 7:30 AM - 4:30 PM

Phone: 843.671.7849

Email: [csamaintenance@csaseapines.com](mailto:csamaintenance@csaseapines.com)

### *Sea Pines CSA Gate Pass Office*

Hours: Daily 7:00 AM - 11:00 PM

Phone: 843.671.7277

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