

Sea Pines

COMMUNITY SERVICES ASSOCIATES

2023 Sea Pines CSA
Annual Report

Sea Pines

COMMUNITY SERVICES ASSOCIATES

To protect, maintain, and enhance the resources of Sea Pines for the benefit of the Sea Pines Community

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 ensure 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 WELCOMED 407 NEW MEMBERS IN 2023

OUR 5,900+ MEMBERS REPRESENT:
45 US STATES, 7 COUNTRIES, AND 1 TERRITORY



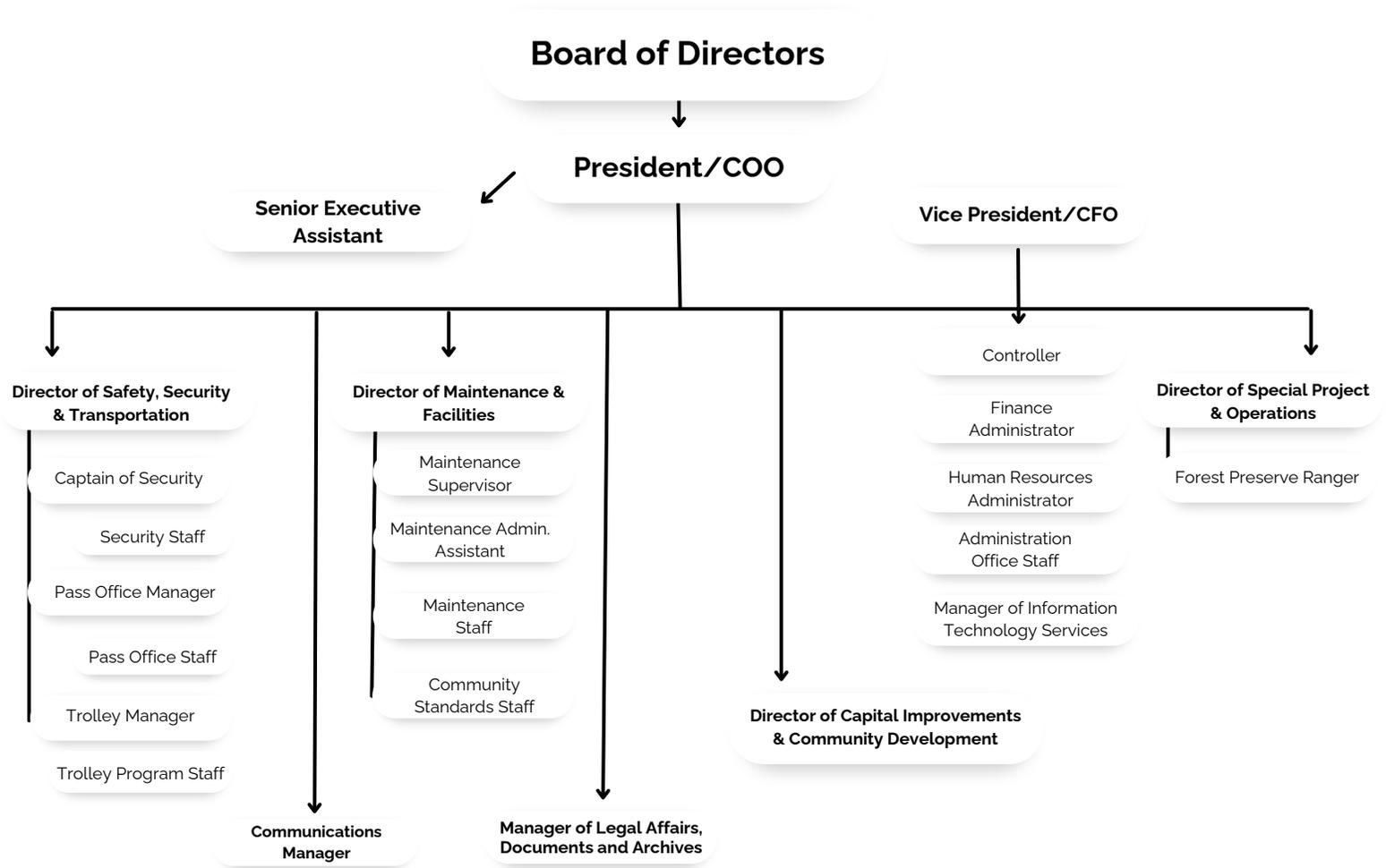
SEA PINES CSA SCOPE OF WORK:

- 120 Employees (mix of full-time and part-time)
- 15 + Contracted Service Providers
- 1,200 Acres of Open Space and Greenbelts
- 67 Miles of Paved Roads
- 17 Miles of Paved Leisure Trails
- 4 Miles of Beach Access
- 32 Beach Access Paths and Boardwalks
- 2,300 Catch Basins
- 89 Acres of Drainage Lagoons, Canals, Ponds, and Lakes
- 36 Miles of Stormwater Drainage Pipes
- 9 Miles of Stormwater Drainage Ditches
- 605 Acres of Community Leased and Maintained Sea Pines Forest Preserve & Wildlife Habitat and Environmental Sanitary Zones
- Active Security Department- Gate and Pass Office Operations, Patrol and Dispatch Operations
- 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
- 2 Community Access Gate Houses
- Welcome Center Pass Office: Leased Space
- Maintenance Facility & Vegetative Debris Recycling Facility



Beach Boardwalk #14 at Tower Beach

SPCSA ORGANIZATIONAL CHART



2023 BOARD MEMBERS

Any property owner in good standing is eligible to run for election to the CSA Board of Directors. All of the dates and details for this process will be on the website and emailed to all property owners well in advance of the deadlines.

Sea Pines CSA Board of Directors consists of 17 Directors:

- Residential Members (9)
- Commercial Members (4)
- Sea Pines Resort (4)



David Ellis*,
Chair



Bill Johnson*,
Vice Chair



Cary Corbitt*,
Secretary



Lee Ann Leahy*,
Treasurer



Don Sigmon*,
Member at Large



Steve Birdwell



Ann Esposito



Bob Gossett



Jim Kaskie



Cliff McMackin



Charlie Miner



Larry Movshin



David Pardue



Rick Ray



Tom Sharp



Greg Thomson



Ray Warco

2023 COMMITTEES

Community Infrastructure, Maintenance & Standards Committee

[2023 Committee Roster](#)

Finance Committee

[2023 Committee Roster](#)

Gate Entry & Rental Management Committee

[2023 Committee Roster](#)

Governance & Planning Committee

[2023 Committee Roster](#)

Safety, Security & Transportation Committee

[2023 Committee Roster](#)

*We
thank
you!*

2023 TASK FORCES

[E-Bike Task Force + Property Owner Advisory Group \(2/2023-8/2023\)](#)

The E-Bike Task Force was established to make a recommendation to the board on e-bike use in Sea Pines. The Sea Pines CSA Board of Directors held a Special Meeting on August 15, 2023, which resulted in the Sea Pines CSA Board of Directors unanimously voting to continue the ban on E-bikes in Sea Pines.

[Traffic Task Force](#)

The Sea Pines CSA Traffic Task Force (previously named the Greenwood Drive Task Force) was formed in August 2023 to make a recommendation to the Board by October 2024, on the various issues that our community experiences concerning traffic, congestion, and access into and out of Sea Pines. This initiative will also include the portion of Greenwood Drive extending from the Greenwood Gate to Club Course Drive.

For more information please visit seapinesliving.com/GWDtaskforce.

FINANCIAL SUMMARY FOR SEA PINES CSA

2023 Revenues (\$ in '000's)

CSA operating revenue of \$20,831 increased by \$2,691 compared to 2022. The increase is the net effect of two principal components: property and critical infrastructure assessments and implementation of the Rental Registration Program. Residential assessments and critical infrastructure assessments increased by \$522 and \$347, respectively, due to the increase in the Consumer Price Index and increases in Sea Pines Resort, LLC contributions. The Rental Registration Program was implemented effective January 1, 2023, and generated \$1,192.

2023 Expenses (\$ in '000's)

Operating expenses of \$18,051 increased by \$1,566 (or 9.5%) primarily as a result of merit and retention wage increases in the Maintenance and Security Departments, increases in patrol positions in the Security Department, and an increase of \$677 for major repairs and replacements expenditures primarily relating to major road reconstruction efforts.

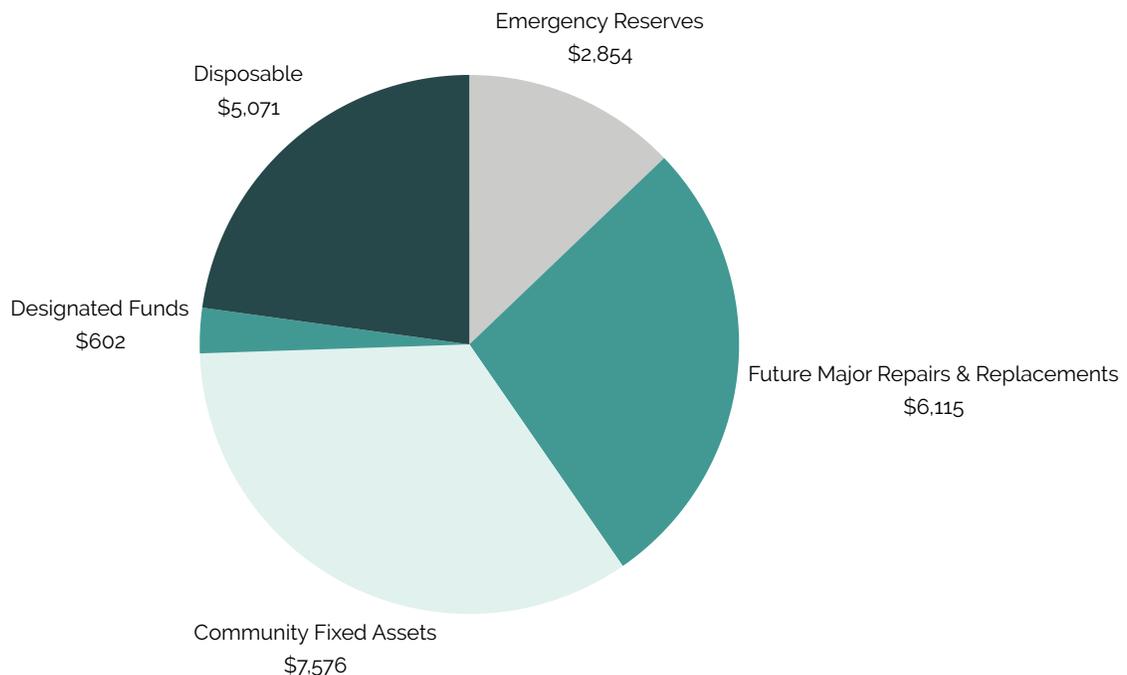
2023 Other Income (\$ in '000's)

Other Income (net of expenses) generated (used) \$383 compared to (\$393) in 2022. Investment income increased by \$946 as a result of an overall increase in the amount of funds invested as well as an increase in the fair market value of the fixed income investments due to a decrease in market interest rates.

2023 Year-End Financial Position (\$ in '000's)

The 2023 year-end cash and cash equivalent balances of \$4,242 increased by \$1,953 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 \$14,577 on December 31, 2023, an increase of \$3,219 (28.3%) over prior year end primarily due to the overall increase in cash and amount of funds invested.

Total fund balances of \$22,218 is made up of \$7,576 of unexpendable community fixed assets, \$602 of designated funds and \$2,854 in emergency reserves, leaving \$11,185, 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 \$5,071 of disposable fund balance.



FINANCIAL SUMMARY FOR SEA PINES CSA

Capital expenditures amounted to \$749 during 2023. Major expenditures included the purchase of maintenance vehicles (\$117); security vehicles and equipment (\$135) and heavy equipment for the maintenance department (\$452).

Fixed asset balances decreased from the prior year by \$54, which resulted from the aforementioned capital expenditures, net of depreciation expense and loss on disposal of (\$803).

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. At that time, the Board voted to defer the invoicing of this assessment increase until the resolution of this litigation.

In August of 2022, the United States District Court in South Carolina ruled that, while the Association did not have the right to call for a referendum, the substantial approval of more than 87% of those residential property owners submitting a ballot ratified the results and the amendment is validated. The Board voted at this time to invoice the property owners for their share of the additional assessment. Subsequent to this ruling, the same residential property owner appealed this result in the Federal Court of Appeals and a ruling has yet to be made. Ultimate resolution of this litigation cannot be predicted at this time.

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 2023 or 2022.

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 2023 and 2022.

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 annually over the next 30 years for the maintenance, repair, and replacement.

SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.

BALANCE SHEETS
December 31, 2023 and 2022
(Dollars in '000's)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,242	\$ 2,289
Investments at fair value	14,810	10,102
Accounts receivable, net of reserve for bad debts of \$84 and \$221, respectively	178	1,359
Due from related parties	480	147
Prepaid expenses and other	<u>911</u>	<u>925</u>
Total Current Assets	20,621	14,822
Property and Equipment		
Property and equipment, net of accumulated depreciation of \$6,954 and \$6,340, respectively	7,576	7,630
Right of Use Asset	<u>297</u>	<u>369</u>
TOTAL ASSETS	<u>\$ 28,494</u>	<u>\$ 22,821</u>
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable	\$ 1,061	\$ 1,738
Accrued payroll and related benefits	481	486
Deferred revenue	4,432	1,174
Operating lease liability	<u>70</u>	<u>66</u>
Total Current Liabilities	<u>6,044</u>	<u>3,464</u>
Non-Current Liability		
Operating Lease Liability	<u>232</u>	<u>302</u>
Total Liabilities	<u>6,276</u>	<u>3,766</u>
Fund Balances		
Undesignated	2,671	955
Infrastructure improvements	2,400	709
Designated		
Property and equipment, net	7,576	7,630
Capital replacement	6,115	6,115
Emergency reserves	2,854	2,854
Other	<u>602</u>	<u>792</u>
Total Fund Balances	<u>22,218</u>	<u>19,055</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,494</u>	<u>\$ 22,821</u>

SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.

STATEMENTS OF REVENUES AND EXPENSES

Years Ended December 31, 2023 and 2022

(Dollars in '000's)

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Residential assessments	\$ 7,289	\$ 6,767
Critical infrastructure assessments	4,295	3,948
Other property owner assessments		
Sea Pines Resort, LLC assessments	474	392
Other commercial assessments	<u>91</u>	<u>56</u>
Total other property owner assessments	<u>565</u>	<u>448</u>
Gate entry and permit fees	7,170	6,632
Rental registration program	1,192	-
Other operating revenue	<u>320</u>	<u>345</u>
Total Operating Revenue	<u>20,831</u>	<u>18,140</u>
OPERATING EXPENDITURES		
Maintenance department, net	4,668	4,102
Safety, security and trolley operations, net	4,393	3,924
General administration	3,536	3,649
Major repairs and replacements	4,241	3,564
Facilities	458	414
Depreciation	695	748
Storm preparartion and recovery	<u>60</u>	<u>84</u>
Total Operating Expenditures	<u>18,051</u>	<u>16,485</u>
OPERATING INCOME	<u>2,780</u>	<u>1,655</u>
OTHER INCOME (LOSS)		
Investment income, net	777	(169)
Other income, net	<u>(394)</u>	<u>(224)</u>
Total Other Income (Loss)	<u>383</u>	<u>(393)</u>
REVENUES OVER EXPENDITURES	<u>\$ 3,163</u>	<u>\$ 1,262</u>

SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022
(Dollars in '000's)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenues over expenditures	\$ 3,163	\$ 1,262
Adjustments to reconcile excess revenues over expenditures to cash provided by operating activities:		
Depreciation and amortization	695	748
Credit loss expense (recovery)	(85)	189
Loss (gain) on disposal of equipment	(29)	(59)
Unrealized (gain) loss on investments	(148)	511
Non Cash rental expense	5	(4)
(Increase) decrease in current assets:		
Other receivables	933	(1,489)
Prepaid expenses and other	13	(851)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(681)	800
Deferred revenue	3,257	(492)
Net Cash Provided by Operating Activities	7,123	615
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(11,386)	(8,545)
Proceeds from redemption of investments	6,826	7,555
Proceeds from disposal of equipment	95	82
Acquisition of property and equipment	(705)	(468)
Net Cash (Used) by Investing Activities	(5,170)	(1,376)
Net Increase (Decrease) in Cash and Cash Equivalents	1,953	(761)
Cash and Cash Equivalents, beginning of year	2,289	3,050
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,242	\$ 2,289

BUDGET COMPARISONS

(\$ in '000's)

South Sea Pines Drive
Newly Reconstructed Roadway & Leisure Trail



The budgeted amounts as presented below have been updated for Board approved amendments made through 2023, and for 2024 amendments made through March 19, 2024.

2023 Actual Results Compared to 2023 Budget

Actual operating revenues of \$20,831 compared favorably to budget by \$775 primarily due to the favorable variance in Gate Entry and Permit Fees. Actual operating expenses were under budget by \$4,335 primarily as a result of the Sea Pines Drive reconstruction project not being complete in 2023 and extending into 2024.

2024 Budget Compared to 2023 Actual Results

Budgeted revenues of \$21,602 reflect an increase of \$771. The increase is derived from the \$288 increase in residential property owner fees and the \$165 increase in the critical infrastructure assessments. Operating expenses are budgeted to increase \$4,033 (22%) over 2023 actual operating expenditures. Major repairs and replacements budget results from the delay in completion of the reconstruction of South Sea Pines Drive that will be completed in 2024 together with an increase in number of security officers and Community Standards personnel. Major repair and replacement projects are budgeted at \$6,432 and is principally for road reconstruction (\$5,531), with bridges, boardwalks, and leisure trail repair (\$818) and facilities repair (\$83).

Excluding depreciation and major repair and replacement projects, the budgeted expenses of \$14,998 are comprised of CSA payroll related costs of \$8,310 and \$6,688 of other operating expenses which includes a significant amount of outsourced maintenance costs and liability insurance premiums. The increase in payroll related expense is due mainly to retention-increased wages in the security and maintenance departments and an increase in premium costs for employer provided health insurance.

Capital expenditures are budgeted at \$1,126 and includes replacements for vehicles (\$298), facilities repairs (\$273) and for maintenance equipment (\$537).

The budget for Other Income/Expense assumes available dedicated marketing funds will be expended in 2024. 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>2023 Actual</u>	<u>2024 Budget</u>
Income (loss)	\$ 3,163	\$ (404)
Plus depreciation	695	654
Plus unrealized (loss) and plus amortization	(148)	52
(Less) capital expenditures	<u>(749)</u>	<u>(1,126)</u>
Equals operating cash flow (deficit)	\$ 2,961	\$ (824)

The 2024 budget anticipates the use of funds from the assessments for Infrastructure Improvements to fund the 2024 projected deficit.

SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.

	Amended Budget 2023	Actual 2023	Amended Budget 2024
OPERATING REVENUES			
Residential assessments	\$ 7,314	\$ 7,289	\$ 7,577
Critical infrastructure assessments	4,255	4,295	4,460
Commercial property assessments	499	565	585
Gate entry and permit fees	6,387	7,170	7,593
Rental registration fees	1,233	1,192	1,087
Other operating revenue	<u>368</u>	<u>320</u>	<u>300</u>
 Total Operating Revenue	 <u>20,056</u>	 <u>20,831</u>	 <u>21,602</u>
OPERATING EXPENDITURES			
Maintenance, net	4,473	4,668	5,097
Safety, security and trolley operations, net	4,867	4,393	5,077
General administration	3,844	3,536	4,424
Facilities	538	458	400
Depreciation	672	695	654
Major repairs and replacements	7,992	4,241	6,432
Storm preparation and recovery	<u>-</u>	<u>60</u>	<u>-</u>
 Total Operating Expenditures	 <u>22,386</u>	 <u>18,051</u>	 <u>22,084</u>
 Excess (deficit) of Revenues over (under) Expenditures	 (2,330)	 2,780	 (482)
OTHER INCOME/ (EXPENSE)			
Investment income, net	408	777	408
Other income (expense)	<u>(598)</u>	<u>(394)</u>	<u>(330)</u>
 Total Other Income (Expense)	 <u>(190)</u>	 <u>383</u>	 <u>78</u>
 REVENUES OVER (UNDER) EXPENDITURES	 <u>\$ (2,520) *</u>	 <u>\$ 3,163</u>	 <u>\$ (404)</u>

* - Budgeted expenditures over revenues are being funded by the Critical Infrastructure Fund Balance.

ADDITIONAL INFORMATION

DOLLARS IN '000'S

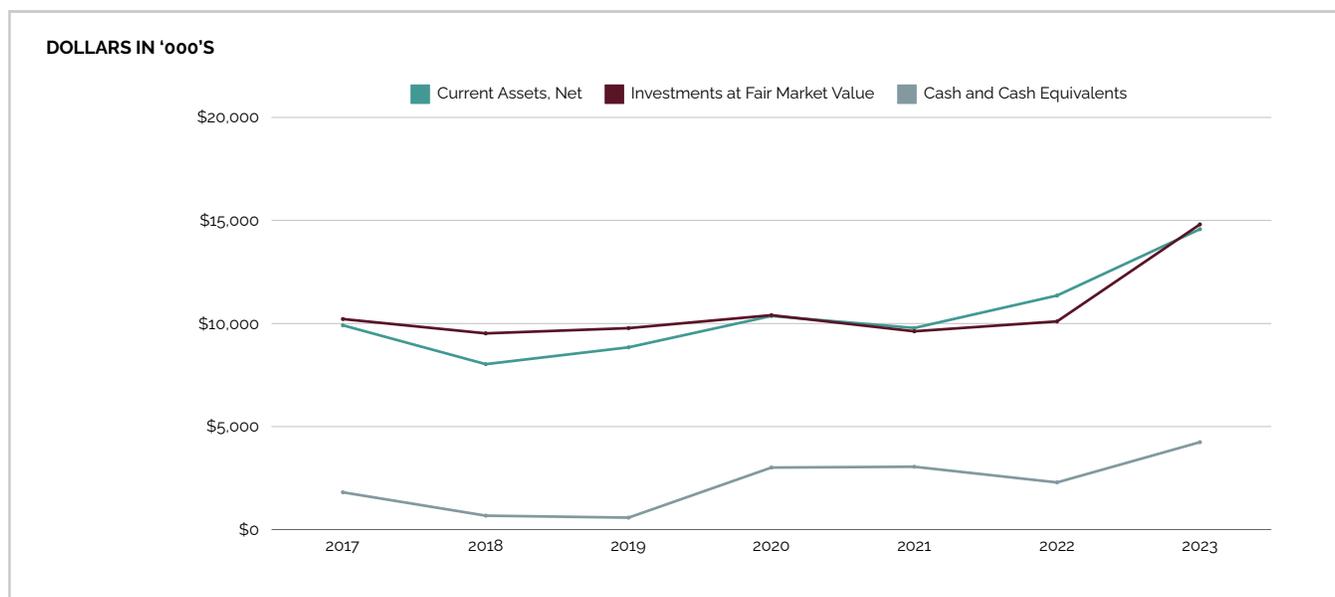
Gate Entry Permits

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Budget2024</u>
Daily Gate Passes	\$ 2,861	\$ 3,046	\$ 3,169	\$ 2,878	\$ 3,921	\$ 3,895	\$ 4,298	\$ 4,630
Annual Decal Revenue	815	826	843	836	923	1,021	1,286	1,285
Short Term Rental Passes	759	872	1,026	1,110	1,449	1,376	1,221	1,277



DOLLARS IN '000'S

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Current Assets, Net	\$ 9,913	\$ 8,028	\$ 8,845	\$ 10,366	\$ 9,784	\$ 11,359	\$ 14,578
Investments at Fair Market Value	10,217	9,522	9,776	10,404	9,623	10,102	14,810
Cash and Cash Equivalents	1,809	676	580	3,011	3,050	2,289	4,242

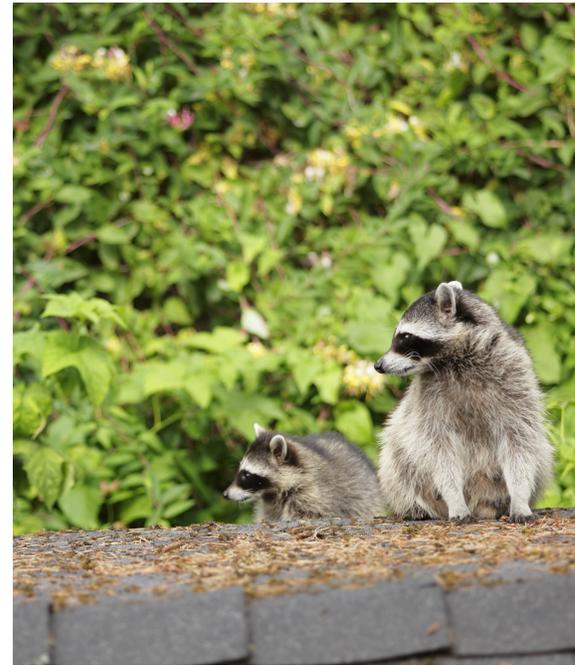


2023 IN REVIEW: SEA PINES SECURITY

5,248 TOTAL CALLS FOR SERVICE

Top 5 Calls for Service:

- Wildlife Nuisance
- Activated Alarm
- Property Owner/Guest Concern
- Improper Parking
- Covenant Violation



APPROXIMATELY 408,000 PASSES ISSUED AT THE GATES

Entry fees collected from gate pass sales, which include visitor, commercial, buses, and weekly passes, contribute to the capital and operational budgets of Sea Pines CSA



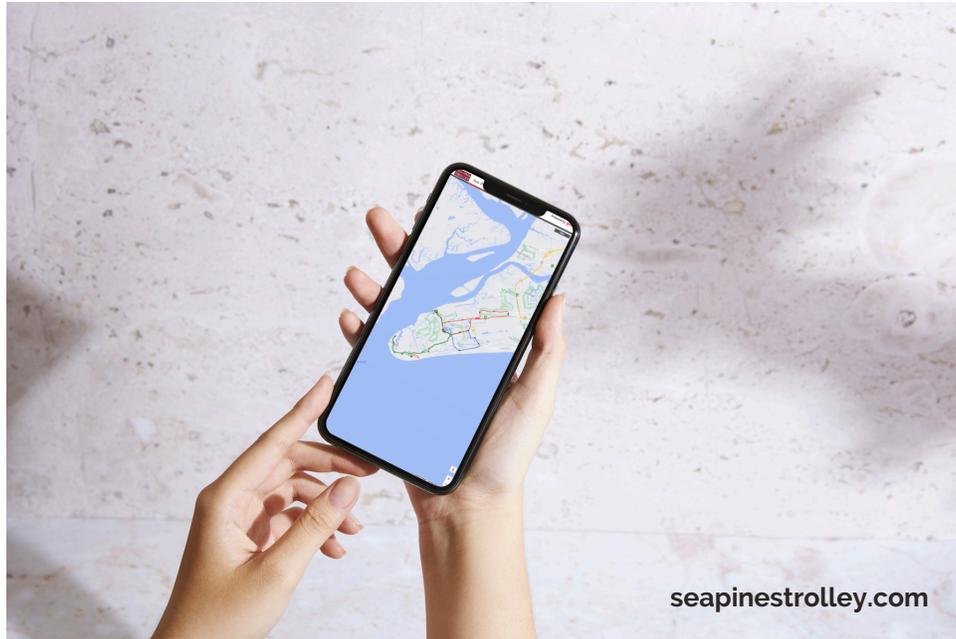
9,177 ANNUAL DECALS SOLD

Top 3 Decals Sold:

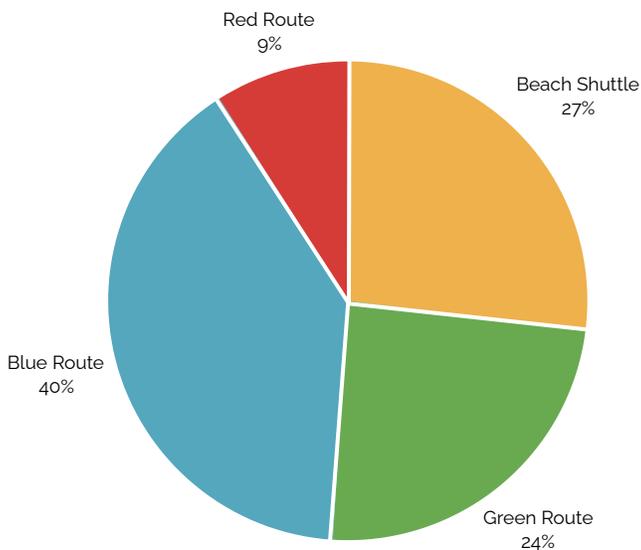
- Commercial Decal
- Island Resident Decal
- Non-Resident Decal

2023 IN REVIEW: THE SEA PINES TROLLEY & BEACH SHUTTLE

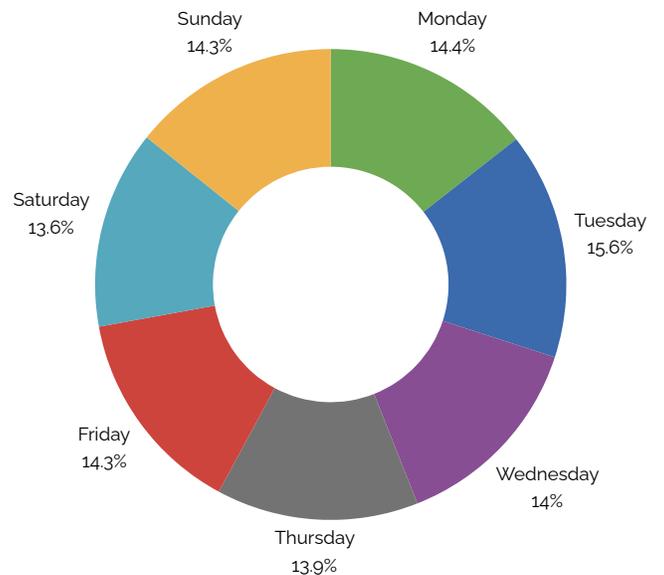
The Trolley and Beach Shuttle services are provided as complimentary seasonal operations, serving approximately 80,000 riders in 2023.



RIDERSHIP BY ROUTE



RIDERSHIP BY DAY OF WEEK



2023 IN REVIEW: COMMUNICATIONS

Email Stats

- 22,091 Contacts
- 125 Email Campaigns Sent
- 70% Open Rate

Facebook Stats

- 4,030 Followers
- 106 Posts

YouTube Stats

7,253 Views

Top 3 Watched Videos:

- Meet the Candidates - 1,743
- 2.21.23 Board of Directors Meeting - 991
- 8.15.23 Board of Directors Special Meeting - 636



 facebook.com/SeaPinesLiving

 youtube.com/@SeaPinesCSA

 info@csaseapines.com

 seapinesliving.com/owner

2023 IN REVIEW: CAPITAL PROJECTS & COMMUNITY DEVELOPMENT

GREENWOOD LEISURE TRAIL EXTENSION

Newly constructed leisure trail along Greenwood Drive connecting the leisure trail at the Sea Pines Welcome Center to the corner of 14 Greenwood Drive.

BEACH BOARDWALK REPLACEMENT PROJECTS

- [Beach Boardwalk #46](#)
- [Beach Boardwalk #43A](#)
- [Beach Boardwalk #45](#)

SEA PINES DRIVE INFRASTRUCTURE IMPROVEMENT PROJECT (PHASE 3)

1.2 miles of Sea Pines Drive from Lighthouse Road to Baynard Cove Road

- Wagon Road – Drainage construction and resurfacing/paving roadway
- Stormwater drainage upgrades and replacement
- Roadway resurfacing and realigning
- Realignment and widening of leisure trails
- Addition of pedestrian crosswalks and curbing
- New signage installation, tree work, and minor landscaping

SOUTH SEA PINES DRIVE LEISURE TRAIL TIMBER BRIDGE REPLACEMENT PROJECT

The leisure trail pedestrian bridge located along South Sea Pines Drive exceeded its useful life and was demolished and reconstructed in the spring of 2023.

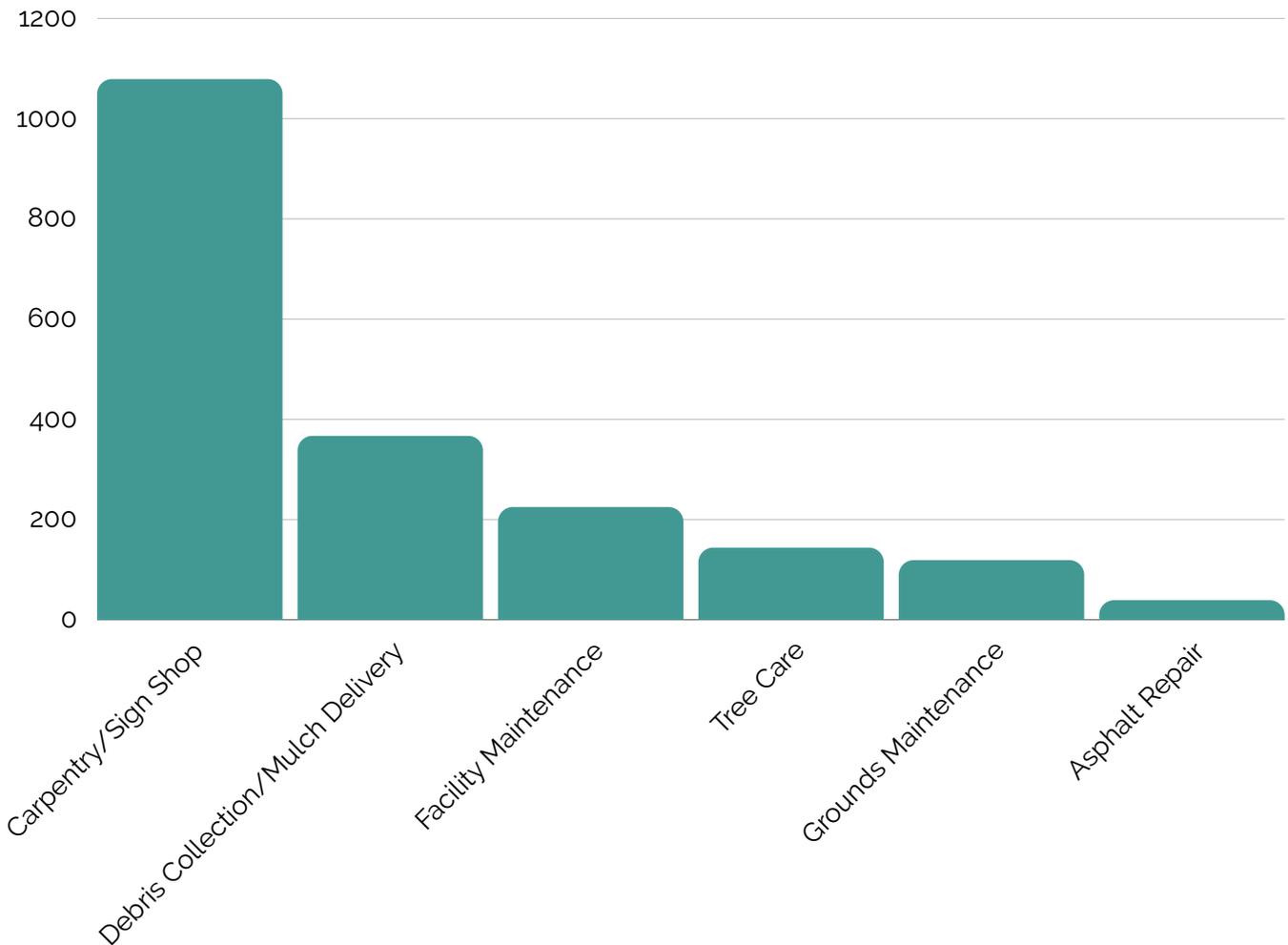


Photos of the excavated original stormwater drainage pipes

2023 IN REVIEW: MAINTENANCE DEPARTMENT



2,106 MAINTENANCE PROPERTY OWNER SERVICE REQUESTS COMPLETED



2023 IN REVIEW: COMMUNITY STANDARDS

1,488 COURTESY NOTICES ISSUED

Most Common Notices Sent:

- Landscaping Maintenance
- Unsightly, *i.e., beach towels/beach items left in view*
- Maintenance, *i.e., power washing, general property maintenance*
- Failure to Obtain Permits from ARB
- Vehicle Parking, *i.e., short-term rental improper parking, inoperable vehicles*



2023 IN REVIEW: SEA PINES FOREST PRESERVE

PRESCRIBED BURNING PROGRAM

IN 2023, 54 ACRES WERE IMPROVED OVER 4 BURNING DAYS

Prescribed burns are a valuable forest management tool and are an important part of Sea Pines Forest Preserve's Ecological Land Management Plan. Prescribed burns mimic naturally occurring wildfires and aid in the forest management of the Sea Pines Forest Preserve. They help diversify the understory plant community and minimize the risk presented by uncontrolled wildfires. This practice is part of proactive land management initiatives widely used across the nation, especially in the Southeast. Further information may be found on our website at seapinesliving.com/prescribedburn.



FUNDRAISER EVENTS

The 7th Annual Party in the Pines Fundraiser Event took place on Saturday, April 1, 2023. Despite the weather forecast, more than 150 guests had a fantastic time at South Beach Village, relishing delicious food and entertainment!



The 12th Annual Sea Pines Forest Preserve Bonfire Event was held on Friday, November 10, 2023. With over 230 attendees present, the Bonfire is the largest fundraiser event of the year. The night was perfect for enjoying the fabulous food, entertainment and fellowship at Fish Island in the Sea Pines Forest Preserve.

A Big Thank You to all property owners who joined and supported our Forest Preserve fundraisers with their presence. We also appreciate those who donated items for the silent auction. A special thank you goes to our event sponsors and to the Salty Dog Café for their generosity, amazing food selection, and outstanding service during both events!

THE SEA PINES SHELL RING EDUCATIONAL MATERIALS



Through a grant from the Town of Hilton Head Island Accommodations Tax (ATAX) program, updated educational panels were installed in February 2023 at the Sea Pines Shell Ring. Each panel contains historical and educational information along with a QR code to view a video for more information.

The Sea Pines Shell Ring was first established 4,800 years ago and is listed on the National Register of Historical Places. It is 1 of approximately 50 currently known to exist and is one of the best preserved.