

CSA Annual Meeting Treasurer's Report May 5, 2026

Discussion Agenda

- **Review and Discussion**

- Overview of Independent Audit Status
- Overview of Year end Balance Sheets and Results of Operations Trends
- Summary of Major Repairs and Replacement Expenses thru 2025
- Critical Infrastructure Collections and Spending Recap/Projections thru Year End 2028
- Overview of Capital Plan for 2026-2028

Overview of Independent Audit Status

- Year ended 2025 audit has been completed by Elliott Davis but there is one litigation matter that hopefully will be resolved later in May 2026 so we are holding off issuing the final financial statements
- We will report the final results to the Board later in May
- No adjustments or errors
- No internal control issues

MANY THANKS TO THE STAFF FOR EXCELLENT OUTCOMES

Balance Sheets As Of December 31, 2025, 2024 and 2023

- Maintained strong cash and investments position
- Consistent collections from Property Owners and Commercial Entities
- No external debt outstanding, \$5 million line of credit available
- Strong capital reserves as mandated by Board policies
 - Capital replacement, updated capital reserve study was performed in late 2025 and management is studying and will be making a recommendation for future funding policy
 - Emergency Fund- policy is 20% of next year's operational expenditures

Trends in Balance Sheets		(in millions)		
		<u>2025</u>	<u>2024</u>	<u>2023</u>
	Total Assets	\$ 28.1	\$ 27.8	\$ 28.5
	Total Liabilities	\$ 8.5	\$ 6.6	\$ 6.3
	Total Fund Balances	\$ 19.6	\$ 21.2	\$ 22.2

* - 2025 Balance Sheet amounts are estimated, as the annual audit has not been finalized

Comparison of Income Statements

Community Services Associates, Inc.
Consolidated Statements of Revenues and Expenses
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues		
Assessments and Fees		
Residential Assessments	\$ 11,793,125	\$ 11,493,743
Critical Infrastructure Assessments	544,319	503,137
Sea Pines Resort Assessments	548,090	487,560
Other Commercial Assessments	52,621	69,768
Gate Entry and Permit Fees	7,113,718	7,059,384
Rental Registration Program Fees	1,249,000	1,208,200
Other Operating Revenue	508,337	295,233
Total Assessments and Fees	<u>21,809,210</u>	<u>21,117,025</u>
Expenses		
Maintenance	4,946,353	4,762,341
Safety and Security	4,546,087	4,553,124
Sea Pines Trolley	377,971	329,549
General and Administrative	4,508,384	4,036,433
Community Development	302,140	235,561
Facilities	471,825	519,702
Major Repair and Replacement Projects	7,000,681	7,548,670
Depreciation	843,114	676,982
Storm Preparation and Recovery	57,950	252,591
Total Expenses	<u>23,054,505</u>	<u>22,914,953</u>
Revenues (Under) Expenses from Operations	<u>(1,245,295)</u>	<u>(1,797,928)</u>

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Commentary on Results of Operations, continued

- **Revenue and expense trends from 2024 to 2025**
 - Rental registration fees were newly instituted in 2023 (\$1.2 mil annual amount in each 2024 and 2025)
 - Over 2,200 units rented within Sea Pines, which includes 312 timeshares (largely consistent with prior year)
 - Residential and Commercial assessments increased by \$384K (governed by inflation factors over the 2 years and Sea Pines Resort revenue increases)
 - Gate entry and permit fees were largely consistent year over year
 - General and administrative- due to cost increases in insurance premiums for all types of insurance and fully staffed in 2025 vs. 2024

Major Repairs and Replacements in 2025

- Some of the projects were not completed in 2025 and some savings too
- A proposed 2026 budget amendment will be forthcoming to roll some funds from 2025 to 2026- over \$1.0 mil

Sea Pines Community Services Associates, Inc.						
Major Repairs and Replacements						
Year Ending December 31, 2025						
Project Description	Funded through Operations	Funded through Critical Infrastructure	Total Expenditures	2025 Annual Budget	Remaining Budget	
Roadways						
South Sea Pines Drive - Baynard Cove to Lands End	\$ 542,486	\$ 668,560	\$ 1,211,046	\$ 1,178,074	\$ (32,972)	
Lighthouse Lane Area Reconstruction - Phase One	\$ -	\$ 532,222	\$ 532,222	\$ 532,222	\$ 0	
Lighthouse Lane Area Reconstruction - Phase Two	\$ -	\$ 994,146	\$ 994,146	\$ 1,760,739	\$ 766,593	
Lighthouse Lane Area Reconstruction - Phase Three	\$ -	\$ 1,212,289	\$ 1,212,289	\$ 1,821,733	\$ 609,444	
Otter Road/Fawn Lane Reconstruction	\$ 1,287,402	\$ 608,614	\$ 1,896,016	\$ 2,300,923	\$ 404,907	
Greenwood Drive Engineering - Plantation to Sea Pines Drive	\$ -	\$ 254,655	\$ 254,655	\$ 200,000	\$ (54,655)	
South Beach Lane Engineering	\$ 80,225	\$ -	\$ 80,225	\$ 108,872	\$ 28,647	
Bridges, Boardwalks and Leisure Trails						
Beachwalk Repairs and Enhancements	\$ -	\$ -	\$ -	\$ 120,000	\$ 120,000	
Club Course Drive/Ivy Road Leisure Trail	\$ 232,495	\$ -	\$ 232,495	\$ 205,241	\$ (27,254)	
Community-Wide Bridge Inspections	\$ 44,735	\$ -	\$ 44,735	\$ -	\$ (44,735)	
Deer Island Bridge Repair	\$ 22,812	\$ -	\$ 22,812	\$ -	\$ (22,812)	
South Sea Pines Drive Leisure Trail Emergency Repair	\$ 90,174	\$ -	\$ 90,174	\$ -	\$ (90,174)	
Stormwater						
Lagoon Dredging	\$ -	\$ 177,526	\$ 177,526	\$ 200,000	\$ 22,475	
Lagoon Bank Stabilization	\$ -	\$ 216,259	\$ 216,259	\$ 200,000	\$ (16,259)	
Facilities						
Entrance Signs	\$ 2,879	\$ -	\$ 2,879	\$ 38,518	\$ 35,639	
Reserve Study	\$ 33,200	\$ -	\$ 33,200	\$ 45,000	\$ 11,800	
Totals	\$ 2,336,409	\$ 4,664,272	\$ 7,000,681	\$ 8,711,322	\$ 1,710,641	

* Favorable budget variance of \$436,105 for Lighthouse Lane Area Reconstruction - Phase One was rolled into Phase Two

Critical Infrastructure Spending Summary through 2028

		Funded through Critical Infrastructure	Project Totals - through 2028		
			Funded through Critical Infrastructure	Funded through Operations	Project Total
	See Footnote ** Below				
Drainage Projects	14,400,000	13,706,556			
Ditch Cleanout			396,588	-	396,588
Stormwater Dredging and Bank Stabilization			793,785	-	793,785
South Sea Pines Drive from Baynard Cove to Lands End			1,786,760	-	1,786,760
Lighthouse Lane Area Reconstruction			8,183,235	310,492	8,493,727
Otter Road Area Reconstruction			2,546,188	1,505,926	4,052,114
North Sea Pines Drive - Ocean Gate to Lighthouse Road - Catbird Lane, Mockingbird Lane and Spotted Sandpiper	2,500,000	2,581,527	2,581,527	556,941	3,138,468
Sea Pines Drive - Lighthouse Road to Baynard Cove Road - Red Cardinal Road, Snowy Egret Road and Wagon Road	* 3,400,000	2,232,629	2,232,629	1,019,593	3,252,222
South Sea Pines Drive - Baynard Cove Road to Lands End - Scaup Court	* 3,200,000	4,462,438	4,462,438	1,262,165	5,724,603
Greenwood Drive - Sea Pines Circle to Greenwood Gate	1,300,000	-	-	326,923	326,923
Greenwood Drive - Greenwood Gate to Club Course	600,000	-	-	-	-
Greenwood Drive - Plantation to Fraser Circle	1,700,000	3,675,746	3,675,746	906,250	4,581,996
Greenwood Drive Fraser Circle to Sea Pines Drive	2,000,000	3,609,078	3,609,078	500,000	4,109,078
Lighthouse Road - Plantation to North Sea Pines Drive	1,200,000	-	-	-	-
New Leisure Trail - Lighthouse Road from Harbour Town to Fraser Circle	2,000,000	-	-	-	-
Deer Island Bridge Replacement	2,700,000	-	-	-	-
Other Projects Funded through Operations	-	-	-	6,493,056	6,493,056
Total Funded through Critical Infrastructure	35,000,000	30,267,973	30,267,973		
Funded through Operations	16,000,000			12,881,346	
Total Project Expenditures	51,000,000	43,149,320			43,149,320
Net Results	\$ -	\$ 685,918			
Beginning Critical Infrastructure Fund Balance		-			
Ending Critical Infrastructure Fund Balance		\$ 685,918			

Points Forward for 2026–2028 on Infrastructure

- **Next steps**
 - Updates to three-year capital spending plan to bring forward calendar years 2026-2028 MRR spending is in progress
 - Refined engineering estimates are important to obtaining accurate estimates for future projects and are in process
 - As previously mentioned, management will be bringing forward a recommendation for implementation of an updated funding policy for 2025 capital reserve study