CSA Board Meeting Treasurer's Report September 22, 2026

Sea Pines
COMMUNITY SERVICES ASSOCIATES

Discussion Agenda

- **Review and Discussion**
  - Approval of 12/31/25 audited financial statements*
  - Overview of July 31, 2026 Financial Statements*
  - Approval of SPCSA Budget Amendment*
  - Update on Critical Infrastructure Collections and Spending and three-year capital plan
  - Approval of SPCSA amended Investment Policy*
  - Approval of appointment of external auditors for calendar year 2026*

  - Note*- action needed

Audited financial statements for the year ended December 31, 2025

- Audited financial statements were finalized after the settlement of the litigation matter back in May, after the Board meeting in May 2026
- Statements were presented and posted to the website as is customary
- Formal board approval is a housekeeping matter as Executive Committee formally approved issuance last May

Balance Sheet As Of July 31, 2026

- Maintained strong cash and investments position
- Consistent collections from Property Owners and Commercial Entities
- No external debt outstanding, $5 million line of credit available
- Maintained capital reserves as mandated by Board policies
    - Capital replacement, reserve study completed and management developing a position on funding
    - Emergency Fund

Year to Date Income Statement 7/31/2026

Note that tickmark legend is on the full set of statements in the Board Package.

SEA PINES - COMMUNITY SERVICES ASSOCIATES, INC.
INCOME STATEMENT - Current Year versus Budget and Prior Year Actual
UNAUDITED
For the Year-to-Date July 31, 2026 and 2025

	Year-to-Date Actual July 31, 2026	Year-to-Date Budget July 31, 2026	Variance Budget	Year-to-Date Actual July 31, 2025	Variance Prior Year Actual
OPERATING REVENUES					
Residential Assessments	$ 7,073,945	$ 7,095,610	$ (21,665)	$ 6,888,474	$ 185,471
Commercial Critical Infrastructure Assessments	539,119	545,212	(6,093)	544,319	(5,200)
Other Property Owner Assessments					
Sea Pines Resort	517,835	547,529	(29,694)	548,090	(30,255)
Other Commercial Assessments	67,342	54,804	12,538	52,621	14,721
Gate Entry and Permit Fees					
Gate Pass	2,821,479	2,788,976	32,503	2,657,513	163,966
Short Term Rental	896,273	858,077	38,196	857,493	38,780
Annual Permit	1,368,401	1,236,675	131,726	1,236,675	131,726
Grande Ocean	393,530	393,426	104	382,042	11,488
Sea Pines Country Club	3,461	3,461	-	3,461	-
Other Gate Pass	7,137	18,656	(11,519)	15,671	(8,534)
Rental Registration Program Revenue	1,258,600	1,260,000	(1,400)	1,234,600	24,000
Other Operating Revenue	219,483 I	182,460 I	37,023 I	253,321 I	(33,838) I
Total Operating Revenue	15,166,605	14,984,886	181,719	14,674,280	492,325
Cost of Goods Sold					
Cost of Decals Sold	15,424	20,304	4,880	14,471	(953)
OPERATING EXPENDITURES					
Maintenance Department					
Salaries and Benefits	1,359,092	1,337,154	(21,938)	1,231,068	(128,024)
Operations	2,098,920	1,723,446	(375,474) B	1,823,076	(275,844) B
Project and Capital Management	191,139	128,974	(62,165) A	200,708	9,569
Community Standards	188,904	138,528	(50,376) F	101,566	(87,338)
Facilities					
Administration Building	178,604	80,589	(98,015) C	95,833	(82,771) C
Community Center	97,517	82,912	(14,605)	87,478	(10,039)
Gate Houses	8,744	15,750	7,006	6,068	(2,676)
Maintenance Buildings	17,892	22,145	4,253	20,762	2,870
Tower Beach	48,818	46,521	(2,297)	37,420	(11,398)
Safety and Security					
Salaries and Benefits	2,337,216	2,416,634	79,418 G	2,265,471	(71,745)
Operations	393,583	467,217	73,634	348,315	(45,268)
Trolley Operations					
Salaries and Benefits	190,195	175,369	(14,826)	173,228	(16,967)
Operations	52,487	102,071	49,584	71,559	19,072
General Administration					
Salaries and Benefits	1,327,369	1,341,392	14,023 G	944,672	(382,697)
Administration	167,798	230,667	62,869	239,104	71,306
Bad Debt Expense	205,320	205,277	(43)	319,223	113,903
Insurance	734,436	801,250	66,814 D	701,127	(33,309)
Legal Fees	73,889	72,917	(972)	111,089	37,200
Community Connections	16,639	-	(16,639)	-	(16,639)
Communications	90,240	76,495	(13,745)	92,332	2,092
Human Resources	40,089	54,167	14,078	88,041	47,952
Information Technology	220,784	211,925	(8,859)	165,611	(55,173)
Other Programs and Services	5,096	14,887	9,791	4,576	(520)
Total Operating Expenditures & Cost of Goods Sold	10,060,195	9,766,591	(293,604)	9,142,798	(917,397)
Income from Operations before Depreciation and Major Repairs and Replacements	5,106,410	5,218,295	(111,885)	5,531,482	(425,072)
Depreciation	555,661	555,661	-	414,433	(141,228)
Major Repairs and Replacements	3,337,158	4,787,420	1,450,262 E	3,558,387	221,229
Income from Operations	1,213,591	(124,786)	1,338,377	1,558,662	(345,071)
OTHER INCOME (EXPENDITURES)					
Non-Operating Income (Expenditure)	(6,085)	20,708	(26,793)	5,908	(11,993)
Storm Preparation and Recovery	(16,418)	-	(16,418)	(57,950)	41,532
Contribution to Sea Pines Forest Preserve	(81,576)	-	(81,576) H	-	(81,576)
Marketing Fund Contribution	-	-	-	(7,000)	7,000
Gain on Disposal of Fixed Assets	57,986	-	57,986	204,000	(146,014)
Investment Income	376,310	371,645	4,665	372,512	3,798
Change in Market Value of Investments	(297,990)	(18,908)	(279,082)	125,638	(423,628)
Total Other Income	32,227	373,445	(341,218)	643,108	(610,881)
REVENUES OVER EXPENDITURES	$ 1,245,818	$ 248,659	$ 997,159	$ 2,201,770	$ (955,952)

Review of 7 Months ended Interim Financial Statements for the Period ended July 31, 2026

- Interim financial statements are included in the Board Package
  - Major fluctuations are explained in the tickmarks on the statements
- Discussions held at the Finance Committee meeting on September 15, 2026
- Executive committee recommends approval by the Board

Approval of SPCSA Budget Amendment, 2026- rollforward of capital amounts

Sea Pines Community Services Associates
2026 Budget Amendment
Year Ending December 31, 2026

Description	**Approved 2026 Budget**	**2026 Budget Actual Expenditures**	**2026 Budget Remaining Budget**	**Proposed Amount**	**Total Project Budget**
Major Projects and Repairs					
Lighthouse Lane - Phase Four	1,347,388	25,541	1,321,847	636,552	1,983,940
Lighthouse Road Leisure Trail	-	10,761	(10,761)	461,025	461,025
Deer Island Bridge Repair	-	-	-	365,438	365,438
Deer Island Bridge Repair	675,000	32,711	642,289	720,639	1,395,639
Spartina Bridge Repair	500,000	62,748	437,252	(500,000)	-
Otter Road Reconstruction	2,342,481	2,177,043	165,438	(165,438)	2,177,043
Beachwalk #44	185,000	-	185,000	(185,000)	-
Stormwater Bank Stabilization	200,000	-	200,000	(200,000)	-
Entrance Signs - to Match Existing Signage	35,639	-	35,639	(35,639)	-
Total	5,285,508			1,097,577	6,383,085
Rollforwards Funded through Critical Infrastructure				$ 1,097,577	
Rollforwards Funded through Operations				-	
				$ 1,097,577	

Points Forward for 2026-2029 on Infrastructure Plan

Next steps

- Priorities for 2026 and beyond include the finalization of Lighthouse Lane Area Projects and Otter Road and engineering work on Leisure Trail enhancements on Lighthouse Road
- Deer Island Bridge replacement/repair
- Greenwood Drive is pushed out to 2027-2028
- Continuing to obtain refined engineering estimates are important to obtaining accurate estimates for future projects

Amendments to SPCSA Investment Policy, September 22, 2026

- Subcommittee of the CSA finance committee worked during the summer on the amendment to the Investment Policy presented in your materials
- Reminder that policy is rather conservative and focuses on preservation of capital and purchasing power as well as maintenance of adequate liquidity
- Amendments were focused on:
  - Reduction of the concentration threshold from 5% to 3% for individual corporate bonds
  - Reduction of the longest maturity to 6 years vs. 10 plus to reduce interest rate risk
  - Exclusion of certain types of investments such as equities or equity-linked, private placements, derivatives and securities lending
  - Expressly including mutual and exchange funds with underlying bond portfolios with investment grade assets
- Approval needed from Board

Selection and Approval of New External Auditor (including tax services) for 2026

- Management and the Subcommittee of the SPCSA finance committee worked over the summer and carried out a Request for Proposal process; 7 sent out, 6 responses received and 3 firms selected to move forward to interviews
- Interviews were held and one firm stood out above the rest
- Management and the SPCSA Finance Committee recommended to the Executive Committee that WithumBrown + Smith be appointed as external auditor for the calendar year ended December 31, 2026
- Board approval needed