

Ocean Pines Association, Inc.

AUDITED FINANCIAL STATEMENTS

For the year ended April 30, 2023

Ocean Pines Association, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Ocean Pines Association, Inc.

Opinion

We have audited the accompanying financial statements of Ocean Pines Association, Inc., which comprise the balance sheets as of April 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ocean Pines Association, Inc. as of April 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ocean Pines Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ocean Pines Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ocean Pines Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ocean Pines Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of revenues and expenses and changes in contract liabilities (assessments received in advance – reserve fund), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future repairs and replacements, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The image shows a handwritten signature in dark ink. The letters 'UHY' are written in a large, stylized, cursive font, and 'LLP' is written in a smaller, simpler font to the right of 'UHY'.

UHY LLP

Salisbury, Maryland

July 28, 2023

Ocean Pines Association, Inc.
BALANCE SHEETS
As of April 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,025,726	\$ 8,783,489
Certificates of deposit in other financial institutions	14,676,281	8,647,203
Accounts receivable:		
Property owners' assessments, net	2,604,037	2,349,376
Other, net	276,039	433,642
Inventories	388,334	457,694
Prepaid expenses	175,571	161,713
Total current assets	21,145,988	20,833,117
PROPERTY AND EQUIPMENT		
Land	4,579,367	4,579,367
Land improvements	13,508,887	11,797,469
Buildings and building improvements	17,718,200	17,623,580
Furniture and equipment	10,549,420	10,830,599
Roads	9,473,307	9,114,369
Construction in progress	-	135,929
	55,829,181	54,081,313
Less: accumulated depreciation	(31,089,218)	(30,058,573)
	24,739,963	24,022,740
Total assets	\$ 45,885,951	\$ 44,855,857
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,566,072	\$ 1,360,398
Refundable deposits	203,255	174,660
Contract liability (assessments received in advance - reserve fund)	6,691,111	6,146,765
Deferred income:		
Property owners' assessments	8,468,917	8,539,094
Club membership dues and other	1,045,899	1,039,678
Casino funds	585,022	464,819
Total current liabilities	18,560,276	17,725,414
COMMITMENTS AND CONTINGENCIES		
FUND BALANCES		
Operating surplus	2,585,712	3,107,703
Investment in fixed assets	24,739,963	24,022,740
Total fund balances	27,325,675	27,130,443
Total liabilities and fund balances	\$ 45,885,951	\$ 44,855,857

Ocean Pines Association, Inc.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
For the Year Ended April 30, 2023
With Summarized Financial Information for 2022

	Operating Fund	Reserve Funds	Investment in Fixed Assets	<u>Totals</u> 2023	2022
REVENUES					
Assessments	\$ 5,767,082	\$ 2,219,670	\$ -	\$ 7,986,752	\$ 8,851,244
Membership dues	606,842	-	-	606,842	494,269
Program registration	230,044	-	-	230,044	190,103
Architectural review fees	138,900	-	-	138,900	195,661
Golf course fees	1,276,298	-	-	1,276,298	1,148,066
Passes, coupons and guest fees	542,494	-	-	542,494	473,322
Food and beverage sales	4,742,161	-	-	4,742,161	4,643,876
County road taxes	142,205	-	-	142,205	151,187
Slip rental and fuel sales	1,386,530	-	-	1,386,530	1,188,547
Parking	567,137	-	-	567,137	563,257
Interest income	7,739	206,487	-	214,226	98,963
Casino funds released from restrictions	450,000	-	-	450,000	350,000
Grant funds released from restrictions	-	-	-	-	402,554
Other	1,523,467	-	-	1,523,467	1,713,082
Total revenues	17,380,899	2,426,157	-	19,807,056	20,464,131
Cost of Sales	2,543,142	-	-	2,543,142	2,392,526
Net revenues	14,837,757	2,426,157	-	17,263,914	18,071,605
EXPENSES					
Salaries, wages and payroll costs	7,733,490	102,051	-	7,835,541	7,536,288
Services and supplies	2,827,235	4,540	-	2,831,775	2,691,314
Repairs and maintenance	842,004	980,531	-	1,822,535	2,041,020
Utilities	744,366	6,292	-	750,658	694,892
Depreciation expense	2,042,758	-	-	2,042,758	2,163,929
Other expenses	1,791,965	-	-	1,791,965	1,478,830
Total expenses	15,981,818	1,093,414	-	17,075,232	16,606,273
Excess (deficiency) of revenues over expenses before other changes	(1,144,061)	1,332,743	-	188,682	1,465,332
OPERATING TRANSFERS AND OTHER CHANGES IN FUND BALANCES					
Current year fixed asset additions	(3,688)	(2,767,743)	2,771,431	-	-
Depreciation expense	2,042,758	-	(2,042,758)	-	-
Gain (loss) on disposal of fixed assets	-	-	6,550	6,550	(14,766)
Proceeds from sale of property and equipment	18,000	-	(18,000)	-	-
Transfer of Casino funds	(450,000)	450,000	-	-	-
Transfer of prior year surplus	(985,000)	985,000	-	-	-
	622,070	(1,332,743)	717,223	6,550	(14,766)
Excess (deficiency) of revenues over expenses	(521,991)	-	717,223	195,232	1,450,566
Fund balances, beginning of year	3,107,703	-	24,022,740	27,130,443	25,679,877
Fund Balances, end of year	\$ 2,585,712	\$ -	\$ 24,739,963	\$ 27,325,675	\$ 27,130,443

Ocean Pines Association, Inc.
STATEMENTS OF CASH FLOWS
For the Year Ended April 30, 2023
With Summarized Financial Information for 2022

	Operating Fund	Reserve Funds	Investment in Fixed Assets	<u>Totals</u> 2023	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
(Deficiency) excess of revenues over expenses	\$ (521,991)	\$ -	\$ 717,223	\$ 195,232	\$ 1,450,566
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used in) operating activities:					
Depreciation expense	2,042,758	-	-	2,042,758	2,163,929
Provision for bad debts	50,000	-	-	50,000	112,500
(Gain) loss on disposal of property and equipment	-	-	(6,550)	(6,550)	14,766
Changes in assets and liabilities:					
Increase in accounts receivable	(147,058)	-	-	(147,058)	(202,490)
Decrease (increase) in inventories	69,360	-	-	69,360	(81,088)
(Increase) decrease in prepaid expenses	(13,858)	-	-	(13,858)	107,699
Increase in accounts payable and accrued expenses	205,674	-	-	205,674	258,793
Increase in refundable deposits	28,595	-	-	28,595	43,775
Increase in contract liability	-	544,346	-	544,346	497,139
Increase (decrease) in deferred income	56,247	-	-	56,247	(720,663)
Net cash provided by operating activities	<u>1,769,727</u>	<u>544,346</u>	<u>710,673</u>	<u>3,024,746</u>	<u>3,644,926</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property and equipment	-	-	(2,771,431)	(2,771,431)	(1,728,699)
Proceeds from sale of property and equipment	-	-	18,000	18,000	12,150
(Purchases) proceeds of certificate of deposit	(6,029,078)	-	-	(6,029,078)	886,605
Net cash used in investing activities	<u>(6,029,078)</u>	<u>-</u>	<u>(2,753,431)</u>	<u>(8,782,509)</u>	<u>(829,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Interfund transfers	(1,498,412)	(544,346)	2,042,758	-	-
Net cash (used in) provided by financing activities	<u>(1,498,412)</u>	<u>(544,346)</u>	<u>2,042,758</u>	<u>-</u>	<u>-</u>
Net (decrease) increase in cash	(5,757,763)	-	-	(5,757,763)	2,814,982
Cash, beginning of fiscal year	8,783,489	-	-	8,783,489	5,968,507
Cash, end of fiscal year	<u>\$ 3,025,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,025,726</u>	<u>\$ 8,783,489</u>

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2023 and 2022

Note 1. The Association and Its Significant Accounting Policies

Ocean Pines Association, Inc. (the "Association") is a not-for-profit homeowners' association incorporated in 1968 and located in Worcester County, Maryland. The Association is governed by a board of directors and is responsible for providing the following services to its members: administrative and finance, clubs, architectural control, public safety, public works, and recreation. The Association consists of 8,513 platted residential lots located on approximately 3,500 acres in Ocean Pines, Maryland.

Significant accounting policies not disclosed elsewhere in the financial statements are as follows:

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

The Association uses fund accounting, which requires that funds, such as operating funds and funds used for major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from these funds are at the discretion of the Board of Directors.

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Reserve Funds – These funds are established by the Association's By-laws and/or Board of Directors for the purpose of accounting for specific projects or areas maintained by the Association.

Investment in Fixed Assets – This account represents the cumulative activity within property and equipment which includes additions, disposals, and associated depreciation expense.

Member Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the reserve assessments are satisfied when these funds are expended for their designated purpose. Golf fees and cart rentals, pro shop, and food and beverage sales are recognized as revenue at point of sale. Member dues, parking, program registration, and marina slip rentals are recognized as revenue in the applicable membership period.

Assessments receivable at the balance sheet date represent fees due from lot owners. Included in accounts receivable are receivables which were more than 90 days past due of approximately **\$692,500** and \$650,000 at April 30, 2023 and 2022, respectively. These receivables include member assessments, which are billed annually on May 1, and related interest and other charges. Past due member assessments, in accordance with Association policy, have liens placed against the property.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2023 and 2022

Note 1. The Association and Its Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts

The Association uses the allowance method to account for uncollectible receivables. The allowance is based on prior years' experience and management's analysis of possible bad debts. Bad debt recoveries are credited to the allowance account as realized.

	2023	2022
Balance, beginning of year	\$ 839,493	\$ 750,391
Provision for credit losses	50,000	112,500
Net charge-offs	(107,541)	(23,398)
Balance, end of year	\$ 781,952	\$ 839,493

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

Contract Liabilities (Assessments Received in Advance – Reserve Funds)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – reserve funds) are recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to reserve funds assessments. During the current year, the Association recognized assessment income in the reserve funds of \$2,764,016. The balance of contract liabilities (assessments received in advance – reserve funds) was **\$6,691,111** and \$6,146,765 for the years ended April 30, 2023 and 2022, respectively.

Deferred Revenue

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Therefore, such amounts are reported within the accompanying financial statements as cash and/or receivables and are offset by a deferred revenue account.

Cash and Cash Equivalents

The Association considers cash, money market accounts, and other demand deposits as cash equivalents.

Credit Risk

Deposit accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The Association, during the course of the year, may have deposits in financial institutions which are in excess of insured limits covered by the FDIC. This credit risk is managed by maintaining all deposits in high-quality financial institutions and by securities pledged as collateral in certain local banks. Management considers this to be normal business risk.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2023 and 2022

Note 1. The Association and Its Significant Accounting Policies (Continued)

Property and Equipment

The Association's policy is to capitalize all property and equipment with a cost of \$2,000 or more to which it has title or other evidence of ownership. The Association is responsible for preserving and maintaining all common property other than the individual lots owned by members. Property and equipment purchased is recorded at cost. Donated assets are recorded at their estimated fair market value at the time of their donation. Depreciation is being provided on the straight-line method over the estimated useful lives of the related assets. Construction-in-progress relates to a project underway, but not completed.

Long-Lived Assets

The carrying value of long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the year ended April 30, 2023, no impairment has been recognized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising Expense

The Association expenses all advertising costs as they are incurred. Advertising costs for the years ended April 30, 2023 and 2022, totaled approximately **\$113,000** and \$83,000, respectively.

Financial Statement Presentation

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2023 and 2022

Note 2. Dues and Assessments

Annual dues to owners were **\$896** and \$996 for non-waterfront lots for the years ended April 30, 2023 and 2022, respectively. Annual dues to owners were **\$1,511** and \$1,611 for waterfront lots for the years ended April 30, 2023 and 2022, respectively. The following represents the amount of assessments that were budgeted and billed for operations and special purposes for the years ended April 30, 2023:

	2023	2022
Operations	\$ 669	\$ 749
Replacement reserve	227	247
Non-waterfront lots	896	996
Bulkhead differential	615	615
Waterfront lots	\$ 1,511	\$ 1,611

The annual budget and membership dues are determined by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

Note 3. Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(4) of the IRC, except on net income derived from unrelated business activities.

ACS 740, Income Taxes, prescribes the recognition and measurement of a tax position taken, or expected to be taken, in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

The Association recognizes interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. The Association has not accrued interest and penalties as of April 30, 2023 and 2022.

The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Note 4. Line of Credit

During April 2022, the Association entered into a line of credit arrangement with The Bank of Ocean City with a maximum borrowing of \$43,250 with principal due on demand. The line bears interest at a rate of 2.25% per annum. The line is secured by the Association's certificate of deposit account held with The Bank of Ocean City. There was no outstanding balance on the line at April 30, 2023 and 2022.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2023 and 2022

Note 5. Retirement Plan

The Association has two defined contribution retirement (401k) plans, which cover all full and part-time employees over 20.5 years of age and having at least 1,000 hours of service in the plan year. Participants may contribute up to 100% of compensation with a maximum contribution as permitted by the IRS, currently \$22,500 in calendar year 2023. The Association contributes up to a 3% match of compensation for all eligible employees that contribute to the plan and have been with the company for at least 12 consecutive months, with the exception of police officers who receive an automatic 5% contribution in a separate plan. Association contributions to the plan were approximately **\$101,000** and \$97,000 for the years ended April 30, 2023 and 2022, respectively.

Note 6. Major Repairs and Replacements

The Association annually determines the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. When replacement funds are needed to meet future needs for major repairs and replacements, the Association may borrow, utilize reserve funds, increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time. The Association currently funds depreciation expense through current year assessments and deposits such funds in the Major Maintenance and Replacement Reserve Fund, which provides funding for future capital asset repairs and replacements.

Note 7. Commitments and Contingencies

In December 2015, the Association concluded discussions with Sandpiper Energy to facilitate the conversion of the Ocean Pines community from propane to natural gas over the next several years. The resulting agreement between Sandpiper and the Association includes provisions that provide Sandpiper with certain easements, right-of-ways and a land lease related to installation, operation and maintenance of a gas distribution system. The agreement also provides that Sandpiper pay to the Association certain fees, commencing in fiscal year 2016. Required payments of approximately \$16,200 have been recorded as revenue during each of the years ended April 30, 2023 and 2022, as reflected in services and supplies in the accompanying statements of revenues and expenses and changes in fund balances.

In August 2019, the Association entered into a management agreement with Matt Ortt Companies ("MOC") to provide management and operational services for the Yacht Club and Beach Club for at least three years commencing on May 1, 2020. There is an option to add an additional fourth or fifth year if certain circumstances are achieved, as defined in the agreement. Under the terms of this agreement, the Association is required to pay \$25,000 per month for the first eight months of the fiscal year. In addition to this \$200,000, MOC may be eligible for an additional profit bonus if a target operating profit is achieved, as defined in the agreement. MOC will split (50%) of any profits in excess of this target operating profit. These amounts will be payable at the conclusion of the corresponding fiscal year. If MOC does not achieve the target operating profit there is a clawback feature contained within the contract whereby MOC is required to pay back 50% of this shortfall from the determined clawback threshold of \$100,000. Upon termination for any reason, MOC shall be paid the management fee due through the date of termination. In the event that the Association terminates this agreement without cause, MOC shall be paid a liquidated damage equal to \$75,000.

The Association paid management fees of approximately **\$504,000** and \$503,000 for the years ended April 30, 2023 and 2022, respectively, as reflected in the services and supplies expenses on the accompanying statements of revenues and expenses and changes in fund balances.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2023 and 2022

Note 7. Commitments and Contingencies (Continued)

In the normal course of business, the Association is a party to lawsuits. In the opinion of counsel and management, the ultimate disposition of these lawsuits will have no adverse impact on the financial position of the Association.

Note 8. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 28, 2023, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Ocean Pines Association, Inc.
SCHEDULE OF NET REVENUES AND EXPENSES
(INCLUDING DEPRECIATION) BY DEPARTMENT
Years Ended April 30, 2023 and 2022

	2023	2022	Schedule
General administration	\$ 5,729,768	\$ 6,958,576	4
Public relations and marketing	(279,568)	(231,687)	5
General Manager's office	(343,624)	(324,489)	6
Finance	(957,316)	(933,708)	7
Compliance, Permits, and Inspections (C.P.I.)	(106,389)	(10,839)	8
Fire and E.M.S. services	(1,064,024)	(744,446)	9
General maintenance	(721,666)	(614,588)	10
Public works	(1,794,215)	(1,845,583)	11
Recreation and parks	(659,163)	(661,878)	12
Police	(1,430,941)	(1,405,243)	13
Golf operations and maintenance	(43,583)	(84,246)	14
Aquatics operation	(205,847)	(262,229)	15
Tennis operation	(74,929)	(84,830)	16
Platform tennis operation	(8,349)	340	17
Pickleball	37,939	36,621	18
Marinas	192,762	201,600	19
Beach club	129,578	82,245	20
Beach parking	527,769	519,850	21
Yacht club	5,048	25,965	22
Clubhouse grille	(77,311)	(90,847)	23
Operating Fund revenues (under) over expenses	<u>\$ (1,144,061)</u>	<u>\$ 530,584</u>	

Ocean Pines Association, Inc.
SCHEDULE OF REVENUES
Years Ended April 30, 2023 and 2022

	2023	2022	Schedule
General administration	\$ 6,450,140	\$ 7,736,110	4
Public relations and marketing	60,830	66,890	5
Finance	42,478	41,826	7
C.P.I.	146,870	200,467	8
Public works	144,057	151,817	11
Recreation and parks, net	371,986	306,361	12
Police department	565,720	501,563	13
Golf operations and maintenance, net	1,551,130	1,387,343	14
Aquatics operation, net	947,170	828,047	15
Tennis operation, net	36,839	36,061	16
Platform tennis operation, net	17,722	15,462	17
Pickleball	104,414	85,471	18
Marina, net	395,337	372,686	19
Beach club, net	499,793	445,751	20
Beach parking	567,137	563,257	21
Yacht club, net	2,571,484	2,521,860	22
Clubhouse grille, net	364,650	330,523	23
	<hr/>	<hr/>	
Total Operating Fund revenues	\$ 14,837,757	\$ 15,591,495	

Ocean Pines Association, Inc.
SCHEDULE OF EXPENSES (INCLUDING DEPRECIATION)
Years Ended April 30, 2023 and 2022

	2023	2022	Schedule
General administration	\$ 720,372	\$ 777,534	4
Public relations and marketing	340,398	298,577	5
General manager's office	343,624	324,489	6
Finance	999,794	975,534	7
Compliance, Permits and Inspections	253,259	211,306	8
Fire and E.M.S. services	1,064,024	744,446	9
General maintenance	721,666	614,588	10
Public works	1,938,272	1,997,400	11
Recreation and parks	1,031,149	968,239	12
Police department	1,996,661	1,906,806	13
Golf operations and maintenance	1,594,713	1,471,589	14
Aquatics operation	1,153,017	1,090,276	15
Tennis operation	111,768	120,891	16
Platform tennis operation	26,071	15,122	17
Pickleball	66,475	48,850	18
Marinas	202,575	171,086	19
Beach club	370,215	363,506	20
Beach parking	39,368	43,407	21
Yacht club	2,566,436	2,495,895	22
Clubhouse grille	441,961	421,370	23
Total Operating Fund expenses	<u>\$ 15,981,818</u>	<u>\$ 15,060,911</u>	

Ocean Pines Association, Inc.
GENERAL ADMINISTRATION REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Assessments	\$ 5,767,082	\$ 6,466,264
Delinquent charges	36,059	38,690
Casino funds released from restrictions	450,000	350,000
Franchise fees	195,000	225,000
Interest income	2,934	1,877
CARES grant	-	40,869
Grant income	-	402,908
Miscellaneous	(935)	210,502
Total revenues	<u>6,450,140</u>	<u>7,736,110</u>
Expenses		
Payroll costs (taxes, health insurance, retirement, workers' compensation)	-	1,089
Accounting fees	35,000	43,000
Bad debts	50,000	112,500
Contract services	177,626	164,079
Legal fees	138,597	138,434
Miscellaneous	31,723	17,035
Supplies	3,952	18,956
Board expense	24,331	26,431
Election and referendum	44,052	46,460
Insurance	151,491	145,874
Taxes	63,600	63,676
Total expenses	<u>720,372</u>	<u>777,534</u>
Net revenues over expenses	<u>\$ 5,729,768</u>	<u>\$ 6,958,576</u>

Ocean Pines Association, Inc.**PUBLIC RELATIONS AND MARKETING REVENUES AND EXPENSES****Years Ended April 30, 2023 and 2022**

	2023	2022
Revenues		
Advertising	\$ 60,830	\$ 66,890
Total revenues	<u>60,830</u>	<u>66,890</u>
Expenses		
Salaries and wages	124,788	116,640
Payroll costs (taxes, health insurance, retirement, workers' compensation)	41,163	36,022
Employee relations and training	645	471
Contract services	12,028	16,057
Gasoline and oil	62	22
Postage	18,316	21,009
Supplies	2,246	4,492
Electricity	804	736
Refuse removal	238	232
Telephone	6,477	4,450
Water and sewer	183	168
Printing	35,926	45,678
Dues and subscriptions	1,025	843
Insurance	924	858
Taxes	8,109	1,821
Promotion and marketing	87,464	49,078
Total expenses	<u>340,398</u>	<u>298,577</u>
Net revenues under expenses	<u>\$ (279,568)</u>	<u>\$ (231,687)</u>

Ocean Pines Association, Inc.
GENERAL MANAGER'S OFFICE EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Salaries and wages	\$ 248,337	\$ 225,260
Payroll costs (taxes, health insurance, retirement, workers' compensation)	47,667	19,461
Employee relations and training	909	5,396
Contract services	3,257	700
Gas and oil	2,327	1,431
Supplies	6,712	2,593
Electricity	3,416	3,737
Refuse removal	238	232
Telephone	6,378	4,487
Water and sewer	672	615
Dues and subscriptions	370	665
Advertising	-	297
Insurance	2,820	2,662
	<hr/>	<hr/>
Total expenses, excluding depreciation	323,103	267,536
	<hr/>	<hr/>
Depreciation expense	20,521	56,953
	<hr/>	<hr/>
Total expenses, including depreciation	\$ 343,624	\$ 324,489

Ocean Pines Association, Inc.
FINANCE REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Miscellaneous	\$ 41,810	\$ 41,826
Merchandise Sales	2,884	-
Total revenues	<u>44,694</u>	<u>41,826</u>
Cost of Sales	2,216	-
Net revenues	<u>42,478</u>	<u>41,826</u>
Expenses		
Salaries and wages	629,907	553,746
Payroll costs (taxes, health insurance, retirement, workers' compensation)	154,614	133,146
Employee relations and training	9,167	971
Advertising	413	2,084
Contract services	17,967	27,593
Gasoline and oil	84	26
Postage	14,080	14,325
Repairs and maintenance	-	42
Supplies	29,689	23,940
Electricity	8,036	7,440
Refuse removal	238	232
Telephone	8,856	5,822
Water and sewer	1,344	1,230
Dues and subscriptions	2,355	2,440
Equipment rental	1,507	2,512
Insurance	8,316	7,777
Total expenses, excluding depreciation	<u>886,573</u>	<u>783,326</u>
Net revenues under expenses, excluding depreciation	(844,095)	(741,500)
Depreciation expense	<u>113,221</u>	<u>192,208</u>
Net revenues under expenses, including depreciation	<u>\$ (957,316)</u>	<u>\$ (933,708)</u>

Ocean Pines Association, Inc.**COMPLIANCE, PERMITS, AND INSPECTIONS REVENUES AND EXPENSES****Years Ended April 30, 2023 and 2022**

	2023	2022
Revenues		
Inspection, filing & administration fees	\$ 48,020	\$ 51,651
Resale certificates	90,880	144,010
Interest income	4,807	1,956
Miscellaneous	3,163	2,850
Total revenues	146,870	200,467
Expenses		
Salaries and wages	134,192	149,551
Payroll costs (taxes, health insurance, retirement, workers' compensation)	70,224	28,423
Employee relations and training	355	669
Uniforms	552	541
Contract services	10,666	10,364
Copmuter Fees	-	3,154
Gasoline and oil	3,163	3,705
Postage	10	5
Legal fees	20,106	-
Supplies	2,947	4,703
Equipment repairs and maintenance	207	-
Electricity	720	540
Refuse removal	550	550
Telephone	6,476	4,696
Water and sewer	188	222
Insurance	2,880	2,695
Propane gas	23	1,488
Total expenses	253,259	211,306
Net revenues under expenses, including depreciation	\$ (106,389)	\$ (10,839)

Ocean Pines Association, Inc.
FIRE AND E.M.S. SERVICES EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Operating expenses	<u>\$ 1,064,024</u>	<u>\$ 744,446</u>
Total expenses	<u>\$ 1,064,024</u>	<u>\$ 744,446</u>

Ocean Pines Association, Inc.
GENERAL MAINTENANCE EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Salaries and wages	\$ 300,219	\$ 297,969
Payroll costs (taxes, health insurance, retirement, workers' compensation)	111,690	119,223
Employee relations and training	760	1,244
Uniforms	2,028	1,393
Contract services	9,806	19,415
Supplies	8,484	6,813
Small tools	1,707	329
Gasoline and oil	7,304	6,587
Building repairs and maintenance	238,940	129,037
Electricity	3,897	3,751
Propane gas	2,790	2,224
Refuse removal	982	800
Telephone	4,742	5,725
Water and sewer	188	222
Insurance	7,116	6,710
Postage	-	12
Repairs and maintenance	1,126	507
Permits and licenses	491	352
	<hr/>	<hr/>
Total expenses, excluding depreciation	702,270	602,313
	<hr/>	<hr/>
Depreciation expense	19,396	12,275
	<hr/>	<hr/>
Total expenses, including depreciation	\$ 721,666	\$ 614,588

Ocean Pines Association, Inc.
PUBLIC WORKS REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
County gas taxes	\$ 142,205	\$ 151,187
Donations	500	500
Miscellaneous	1,352	130
Total revenues	<u>144,057</u>	<u>151,817</u>
Expenses		
Salaries and wages	567,834	648,346
Payroll costs (taxes, health insurance, retirement, workers' compensation)	236,766	264,587
Employee relations and training	2,035	1,823
Equipment rental	3,414	101
Uniforms	5,953	5,901
Contract services	45,048	38,588
Ground improvements	62,441	85,562
Road signs	5,792	8,625
Small tools	1,815	1,792
Snow removal	1,546	23,111
Gasoline and oil	55,056	67,699
Postage	7	-
Supplies	24,927	24,256
Repairs and maintenance	46,301	39,825
Auto and equipment repairs and maintenance	28,931	12,103
Drainage maintenance	156,885	135,102
Roads and bridges repairs and maintenance	109,867	36,867
Electricity	22,247	18,677
Propane gas	4,789	2,741
Refuse removal	62,723	73,673
Telephone	5,561	5,165
Water and sewer	3,718	3,848
Insurance	55,140	54,142
Permits and licenses	2,359	2,380
Credit card fees	1,713	938
Miscellaneous	67	130
Dues and subscriptions	495	196
Total expenses	<u>1,513,430</u>	<u>1,556,178</u>
Net revenues under expenses, excluding depreciation	(1,369,373)	(1,404,361)
Depreciation expense	<u>424,842</u>	<u>441,222</u>
Net revenues under expenses, including depreciation	<u>\$ (1,794,215)</u>	<u>\$ (1,845,583)</u>

Ocean Pines Association, Inc.
RECREATION AND PARKS REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Program registration	\$ 225,597	\$ 182,578
Special events	40,331	23,676
Donations	6,950	17,131
Facility rental	18,252	12,406
Dog Park license fees	7,767	7,750
Vending commissions	2,211	2,105
Grants	10,000	-
Miscellaneous	62,958	62,228
Total revenues	<u>374,066</u>	<u>307,874</u>
Cost of Sales	<u>2,080</u>	<u>1,513</u>
Net revenues	<u>371,986</u>	<u>306,361</u>
Expenses		
Salaries and wages	305,111	288,273
Payroll costs (taxes, health insurance, retirement, workers' compensation)	92,970	77,544
Employee relations and training	999	1,117
Equipment rental	-	1,120
Uniforms	2,234	291
Contract services	53,078	43,397
Gasoline and oil	2,471	2,438
Auto and equipment repairs and maintenance	57	44
Supplies	12,120	12,531
Credit card fees	10,859	6,985
Repairs and maintenance	37,049	53,090
Electricity	28,727	24,518
Propane gas	12,737	9,845
Refuse removal	1,782	1,738
Telephone	5,857	9,078
Water and sewer	5,759	5,803
Dog Park expense	15,367	168
Program expenses	60,992	66,623
Special events	88,387	67,246
Postage	9	-
Dues and subscriptions	1,660	1,111
Insurance	46,200	42,988
Taxes	5,289	2,460
Miscellaneous	28,305	33,724
Total expenses	<u>818,019</u>	<u>752,132</u>
Net revenues under expenses, excluding depreciation	(446,033)	(445,771)
Depreciation expense	<u>213,130</u>	<u>216,107</u>
Net revenues under expenses, including depreciation	<u>\$ (659,163)</u>	<u>\$ (661,878)</u>

Ocean Pines Association, Inc.
POLICE DEPARTMENT REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Grants	\$ 552,514	\$ 497,249
Donations	3,975	-
Miscellaneous income	9,231	4,314
Total revenues	<u>565,720</u>	<u>501,563</u>
Expenses		
Salaries and wages	1,209,080	1,202,930
Payroll costs (taxes, health insurance, retirement, workers' compensation)	422,845	399,702
Employee relations and training	7,672	9,709
Employee ads	-	152
Uniforms	4,108	2,222
Contract services	88,591	47,489
Gasoline and oil	44,103	40,177
Postage	9	-
Supplies	11,981	14,301
Auto and truck repairs and maintenance	11,619	9,966
Equipment repairs and maintenance	621	486
Electricity	7,232	6,679
Propane gas	713	1,428
Refuse removal	1,069	1,043
Telephone	15,134	13,740
Water and sewer	1,222	1,118
Insurance	30,204	26,961
Dues and subscriptions	711	366
Total expenses	<u>1,856,914</u>	<u>1,778,469</u>
Net revenues under expenses, excluding depreciation	(1,291,194)	(1,276,906)
Depreciation expense	<u>139,747</u>	<u>128,337</u>
Net revenues under expenses, including depreciation	<u>\$ (1,430,941)</u>	<u>\$ (1,405,243)</u>

Ocean Pines Association, Inc.
Golf Operations & Maintenance Revenue and Expenses
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Green fees	\$ 848,233	\$ 770,825
Cart fees	367,695	337,006
Membership dues	165,628	135,675
Merchandise	180,602	138,263
Food and beverage	4,024	1,567
Miscellaneous	45,751	52,681
Driving range	60,370	40,235
Total Revenues	<u>1,672,303</u>	<u>1,476,252</u>
Cost of sales		
Food and beverage	1,066	1,609
Merchandise	120,107	87,300
Total cost of sales	<u>121,173</u>	<u>88,909</u>
Net revenues	<u>1,551,130</u>	<u>1,387,343</u>
Expenses		
Salaries and wages	599,252	516,103
Payroll costs (taxes, health insurance, retirement, workers' compensation)	111,403	110,107
Seed, fertilizer and chemicals	157,793	118,982
Advertising and marketing	24,766	31,621
Golf operations	2,250	-
Contract services	31,972	43,895
Electricity	52,580	39,883
Repairs and maintenance	32,808	31,696
Insurance	33,996	31,658
Gas and oil	43,318	27,687
Water and sewer	17,996	12,373
Supplies	36,483	33,006
Credit card fees	34,294	32,931
Refuse removal	9,375	7,075
Miscellaneous	-	5,479
Telephone	8,301	8,966
Sand, soil and gravel	20,159	15,050
Employee relations and training	2,382	6,802
Uniforms and linens	4,240	1,366
Dues and subscriptions	1,813	2,132
Permits and licenses	390	1,030
Small tools	-	2,504
Propane gas	655	850
Auto and truck repairs and maintenance	814	(63)
Printing	1,225	-
Postage	248	113
Drainage maintenance	-	3,375
Ground improvements	3,022	13,469
Total expenses	<u>1,231,535</u>	<u>1,098,090</u>
Net revenues over expenses, excluding depreciation	319,595	289,253
Depreciation expense	<u>363,178</u>	<u>373,499</u>
Net revenues under expenses, including depreciation	<u>\$ (43,583)</u>	<u>\$ (84,246)</u>

Ocean Pines Association, Inc.
AQUATICS OPERATION REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Membership dues	\$ 338,580	\$ 277,760
Facility rental	52,934	59,557
Coupons	-	13,699
Cash fees	399,178	331,963
Swim classes	143,316	127,660
Vending commissions	23,490	27,121
Merchandise	1,833	1,223
Miscellaneous	7	4,300
Total revenues	<u>959,338</u>	<u>843,283</u>
Cost of sales		
Merchandise	362	703
Food	11,806	14,533
Total cost of sales	<u>12,168</u>	<u>15,236</u>
Net revenues	<u>947,170</u>	<u>828,047</u>
Expenses		
Salaries and wages	447,112	420,506
Payroll costs (taxes, health insurance, retirement, workers' compensation)	87,811	87,862
Employee relations and training	3,825	1,446
Uniforms	12,935	10,437
Advertising and marketing	-	511
Class instruction	14,013	16,351
Contract services	15,574	19,534
Chemicals	28,759	25,901
Credit card fees	19,982	11,728
Gasoline and oil	3,891	3,481
Supplies	23,928	29,071
Paper goods	-	461
Repairs and maintenance	10,401	4,963
Electricity	47,624	46,023
Propane gas	75,249	57,182
Refuse removal	2,273	3,414
Donations	1,550	-
Telephone	5,397	5,993
Water and sewer	31,759	32,820
Dues and subscriptions	55	55
Postage	-	21
Insurance	42,756	38,753
Permits and licenses	1,705	1,845
Total expenses	<u>876,599</u>	<u>818,358</u>
Net revenues over expenses, excluding depreciation	70,571	9,689
Depreciation expense	<u>276,418</u>	<u>271,918</u>
Net revenues under expenses, including depreciation	<u>\$ (205,847)</u>	<u>\$ (262,229)</u>

Ocean Pines Association, Inc.
TENNIS OPERATION REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Membership dues	\$ 24,042	\$ 23,130
Program registration	4,447	7,499
Facility rental	465	708
Racquet sports grant	-	876
Miscellaneous	8,396	6,721
Total revenues	<u>37,350</u>	<u>38,934</u>
Cost of Sales	511	2,873
Net revenues	<u>36,839</u>	<u>36,061</u>
Expenses		
Salaries and wages	27,706	41,520
Payroll costs (taxes, health insurance, retirement, workers' compensation)	4,202	7,097
Employee relations and training	90	100
Class instruction	628	633
Uniforms	185	(158)
Contract services	22,673	18,643
Supplies	2,544	2,111
Postage	-	12
Refuse removal	2,115	1,494
Repairs and maintenance	6,140	4,652
Electricity	4,154	3,210
Telephone	215	25
Water and sewer	2,054	1,885
Insurance	408	1,122
Special events	43	556
Credit card fees	1,853	640
Total expenses	<u>75,010</u>	<u>83,542</u>
Net revenues under expenses, excluding depreciation	(38,171)	(47,481)
Depreciation expense	<u>36,758</u>	<u>37,349</u>
Net revenues under expenses, including depreciation	<u>\$ (74,929)</u>	<u>\$ (84,830)</u>

Ocean Pines Association, Inc.
PLATFORM TENNIS OPERATION REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Membership dues	\$ 17,266	\$ 14,772
Program registration	-	26
Miscellaneous	468	730
Total revenues	<u>17,734</u>	<u>15,528</u>
Cost of Sales	<u>12</u>	<u>66</u>
Net revenues	<u>17,722</u>	<u>15,462</u>
Expenses		
Salaries and wages	14,784	9,343
Payroll costs (taxes, health insurance, retirement, workers' compensation)	2,135	1,468
Class instruction	-	199
Contract services	1,075	595
Supplies	1,603	531
Electricity	350	350
Insurance	396	-
Telephone	602	161
Water and sewer	279	274
Equipment repairs and maintenance	3,120	1,394
Dues and subscriptions	50	50
Total expenses	<u>24,394</u>	<u>14,365</u>
Net revenues (under) over expenses, excluding depreciation	(6,672)	1,097
Depreciation expense	<u>1,677</u>	<u>757</u>
Net revenues (under) over expenses, including depreciation	<u>\$ (8,349)</u>	<u>\$ 340</u>

Ocean Pines Association, Inc.
PICKLEBALL REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Membership dues	\$ 61,326	\$ 42,932
Facility rental	20,422	23,139
Miscellaneous	22,666	19,400
Total revenues	<u>104,414</u>	<u>85,471</u>
Expenses		
Salaries and wages	23,010	13,735
Payroll costs (taxes, health insurance, retirement, workers' compensation)	3,435	1,961
Class instruction	4,321	1,068
Contract services	1,075	735
Dues and subscriptions	500	1,500
Supplies	2,102	541
Repairs and maintenance	2,893	2,795
Electricity	1,766	1,637
Telephone	602	161
Water and sewer	279	274
Insurance	396	-
Special events	12,830	10,141
Total expenses	<u>53,209</u>	<u>34,548</u>
Net revenues over expenses, excluding depreciation	51,205	50,923
Depreciation expense	<u>13,266</u>	<u>14,302</u>
Net revenues over expenses, including depreciation	<u>\$ 37,939</u>	<u>\$ 36,621</u>

Ocean Pines Association, Inc.
MARINA REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Vending	\$ 6,950	\$ 7,655
Fuel	1,179,300	989,898
Slip rental	207,230	198,649
Merchandise	1,713	2,037
Total revenues	<u>1,395,193</u>	<u>1,198,239</u>
Cost of sales		
Fuel	995,579	818,958
Food	2,721	4,653
Miscellaneous	1,556	1,942
Total cost of sales	<u>999,856</u>	<u>825,553</u>
Net revenues	<u>395,337</u>	<u>372,686</u>
Expenses		
Salaries and wages	66,196	62,756
Payroll costs (taxes, health insurance, retirement, workers' compensation)	13,580	14,601
Employee relations and training	33	22
Credit card fees	39,585	25,899
Contract services	8,569	10,204
Gasoline and oil	98	-
Supplies	5,351	1,267
Repairs and maintenance	14,518	4,284
Electricity	3,481	3,899
Refuse removal	319	2,614
Telephone	618	881
Water and sewer	2,863	2,654
Insurance	9,900	8,712
Permits and licenses	372	484
Total expenses	<u>165,483</u>	<u>138,277</u>
Net revenues over expenses, excluding depreciation	229,854	234,409
Depreciation expense	<u>37,092</u>	<u>32,809</u>
Net revenues over expenses, including depreciation	<u>\$ 192,762</u>	<u>\$ 201,600</u>

Ocean Pines Association, Inc.
BEACH CLUB REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Food	\$ 348,882	\$ 307,589
Beverage	322,795	287,507
Facility rental	1,000	450
Miscellaneous	972	862
Total revenues	<u>673,649</u>	<u>596,408</u>
Cost of sales		
Food	111,772	94,990
Beverage	62,084	55,667
Total cost of sales	<u>173,856</u>	<u>150,657</u>
Net revenues	<u>499,793</u>	<u>445,751</u>
Expenses		
Salaries and wages	150,247	129,093
Payroll costs (taxes, health insurance, retirement, workers' compensation)	21,861	21,544
Credit card fees	23,824	18,259
Entertainment	600	800
Uniforms	2,023	643
Contract services	4,070	9,804
Paper goods	17,516	9,529
Supplies	10,535	8,986
Repairs and maintenance	4,639	2,438
Electricity	11,086	12,366
Propane gas	4,337	3,603
Telephone	2,252	1,587
Water and sewer	8,783	5,971
Insurance	24,036	15,289
Permits and licenses	2,158	2,726
Management fees	6,000	43,500
Printing	208	-
Taxes	521	181
Refuse removal	-	139
Total expenses	<u>294,696</u>	<u>286,458</u>
Net revenues over expenses, excluding depreciation	205,097	159,293
Depreciation expense	<u>75,519</u>	<u>77,048</u>
Net revenues over expenses, including depreciation	<u>\$ 129,578</u>	<u>\$ 82,245</u>

Ocean Pines Association, Inc.
BEACH PARKING REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Parking	\$ 567,137	\$ 563,257
Expenses		
Salaries and wages	18,443	21,568
Payroll costs (taxes, health insurance, retirement, workers' compensation)	3,341	4,824
Contract services	10,878	7,450
Supplies	3,376	4,100
Insurance	2,892	2,651
Permits and licenses	400	260
Repairs and maintenance	-	2,385
Uniforms	38	169
Total expenses	39,368	43,407
Net revenues over expenses	\$ 527,769	\$ 519,850

Ocean Pines Association, Inc.
YACHT CLUB REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Facility rental	\$ 52,509	\$ 78,190
Food	2,160,384	2,184,811
Merchandise	46,572	41,101
Beverage	1,362,531	1,362,021
Total revenues	<u>3,621,996</u>	<u>3,666,123</u>
Cost of sales		
Food	763,938	848,804
Merchandise	27,149	22,487
Beverage	259,425	272,972
Total cost of sales	<u>1,050,512</u>	<u>1,144,263</u>
Net revenues	<u>2,571,484</u>	<u>2,521,860</u>
Expenses		
Salaries and wages	1,078,667	1,039,516
Payroll costs (taxes, health insurance, retirement, workers' compensation)	178,388	187,342
Credit card fees	80,152	82,252
Entertainment	109,060	101,549
Uniforms and linens	21,091	19,744
Contract services	15,653	24,323
China, glass, and silver	3,305	3,324
Paper goods	18,111	14,111
Printing	1,204	885
Supplies	139,871	141,766
Repairs and maintenance	56,638	54,523
Electricity	55,373	53,218
Propane gas	24,519	39,390
Refuse removal	5,481	4,994
Telephone	8,111	6,237
Water and sewer	21,716	20,073
Insurance	54,277	44,561
Permits and licenses	3,802	3,696
Management fees	495,247	459,750
Taxes	11,838	8,464
Total expenses	<u>2,382,504</u>	<u>2,309,718</u>
Net revenues over expenses, excluding depreciation	188,980	212,142
Depreciation expense	<u>183,932</u>	<u>186,177</u>
Net revenues over expenses, including depreciation	<u>\$ 5,048</u>	<u>\$ 25,965</u>

Ocean Pines Association, Inc.
CLUBHOUSE GRILLE REVENUES AND EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Revenues		
Food	\$ 292,888	\$ 263,620
Beverage	250,657	229,106
Facility rental	375	274
Merchandise	1,488	1,538
Total revenues	<u>545,408</u>	<u>494,538</u>
Cost of sales		
Food	126,116	114,586
Merchandise	1,187	784
Beverage	53,455	48,645
Total cost of sales	<u>180,758</u>	<u>164,015</u>
Net revenues	<u>364,650</u>	<u>330,523</u>
Expenses		
Salaries and wages	180,978	160,159
Payroll costs (taxes, health insurance, retirement, workers' compensation)	27,848	25,694
Credit card fees	13,766	14,842
Contract services	9,203	15,587
Paper goods	9,745	11,754
Supplies	20,857	19,375
Repairs and maintenance	12,967	6,422
Electricity	10,030	8,697
Propane gas	4,339	4,885
Refuse removal	1,563	1,650
Telephone	2,106	3,448
Water and sewer	2,727	2,538
Insurance	8,376	7,799
Management fees	3,000	3,000
Entertainment	2,450	2,271
Taxes	4,126	5,923
Permits and licenses	3,819	4,359
Total expenses	<u>317,900</u>	<u>298,403</u>
Net revenues over expenses, excluding depreciation	46,750	32,120
Depreciation expense	<u>124,061</u>	<u>122,967</u>
Net revenues under expenses, including depreciation	<u>\$ (77,311)</u>	<u>\$ (90,847)</u>

Ocean Pines Association, Inc.
RESERVE FUNDS SCHEDULE OF EXPENSES
Years Ended April 30, 2023 and 2022

	2023	2022
Expenses		
Salaries and wages	\$ 67,139	\$ 59,022
Payroll costs (taxes, health insurance, retirement, workers' compensation)	34,912	39,055
Gasoline and oil	2,741	3,084
Bulkhead repairs and maintenance	948,773	1,399,696
Canal repairs and maintenance	31,700	6,310
Equipment repairs and maintenance	58	46
Contract services	971	27
Electricity	2,607	2,130
Equipment rental	-	32,000
Permits and licenses	1,000	-
Propane gas	852	721
Refuse removal	1,160	1,160
Supplies	184	-
Telephone	201	621
Uniforms	194	587
Water and sewer	94	111
Insurance	828	792
	<hr/>	<hr/>
Total expenses	\$ 1,093,414	\$ 1,545,362
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Ocean Pines Association, Inc.**SCHEDULE OF CHANGES IN CONTRACT LIABILITIES (ASSESSMENTS RECEIVED IN ADVANCE - RESERVE FUND)****Years Ended April 30, 2023 and 2022**

	<u>Major Maintenance and Replacements</u>	<u>Buckheads and Waterways</u>	<u>Roads</u>	<u>Drainage</u>	<u>New Capital</u>	<u>Total</u>
Contract liability (assessments received in advance - reserve fund), April 30, 2021	\$ 3,852,550	\$ 1,010,097	\$ 216,322	\$ 468,605	\$ 102,052	\$ 5,649,626
Transfers from Operating Fund:						
Contributions from assessments	1,647,559	1,053,850	-	-	180,710	2,882,119
Interest income	65,275	17,015	723	8,860	3,257	95,130
Restricted Contributions:						
Transfer of Casino funds to Drainage reserve	-	-	-	350,000	-	350,000
Transfer of Grant funds to Drainage reserve	-	-	-	402,554	-	402,554
Transfers to Operating Fund:						
Operating expenses	-	(1,545,362)	-	-	-	(1,545,362)
Capital additions	(795,989)	-	(212,379)	(543,005)	(135,929)	(1,687,302)
Contract liability (assessments received in advance - reserve fund), April 30, 2022	4,769,395	535,600	4,666	687,014	150,090	6,146,765
Transfers from Operating Fund:						
Contributions from assessments	1,710,166	1,053,850	-	-	-	2,764,016
Prior year surplus	75,000	-	700,000	-	210,000	985,000
Interest income	148,281	27,152	19,448	8,685	2,921	206,487
Restricted Contributions:						
Transfer of Casino funds	-	-	350,000	100,000	-	450,000
Transfers to Operating Fund:						
Operating expenses	-	(1,093,414)	-	-	-	(1,093,414)
Capital additions	(1,548,867)	-	(358,938)	(611,011)	(248,927)	(2,767,743)
Contract liability (assessments received in advance - reserve fund), April 30, 2023	\$ 5,153,975	\$ 523,188	\$ 715,176	\$ 184,688	\$ 114,084	\$ 6,691,111

REQUIRED SUPPLEMENTARY INFORMATION

Ocean Pines Association, Inc.**SUPPLEMENTARY INFORMATION ON FUTURE REPAIRS AND REPLACEMENTS (UNAUDITED)****April 30, 2023**

In 2021, Design Management Associates, Inc (DMA), an independent contractor, updated its 2017 Reserve Study of the Association's assets to estimate the remaining useful lives and the replacement costs of the components of buildings and improvements, as well as all other assets, including furniture and fixtures, equipment, vehicles, pools, bridges, land improvements and bulkheads. Replacement costs were based on the estimated costs to repair or replace the common property components at the end of their useful lives, assuming an annual inflation rate of 3.08%.

The DMA Report is currently being utilized by management for budget and asset replacement decision making. Information set forth below is based on the Report. The future replacement cost information for certain asset categories are approximations:

<u>Components</u>	<u>Estimated Future Replacement Cost</u>
Bulkheads	\$ 38,500,000
Other improvements	16,500,000
Roads	16,000,000
Buildings and pools	14,500,000
Mobile outdoor equipment (mowers) and vehicles	4,500,000
Furniture and technology	<u>3,000,000</u>
	<u>\$ 93,000,000</u>

Note: The Association has been replacing bulkheads on a 35-year program. The Association currently has approximately 109,000 linear feet of bulkheads, approximately 92% of which is the financial responsibility of property owners, who currently pay a Bulkhead Differential as part of their annual assessment (\$615 in FY 2023). As part of the follow-up to the Reserve Study, management and the Board of Directors will continue to evaluate the current Bulkhead Replacement Program.