



ISLANDS OF BEAUFORT (IOB) HOMEOWNERS ASSOCIATION (HOA)

PO BOX 1225
BEAUFORT, SC 29901
843-524-2207 X229

ANNUAL MEETING

October 22, 2022

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ANNUAL MEETING MINUTES

The meeting was called to order at 10:00 am.

PROOF OF NOTICES OF MEETING OR WAIVER OF NOTICE

Robert Bundy announced that proper notice and a quorum exists. A total of 117 lots are represented in person or by proxy for the meeting:

- 42 lots are represented in person
- 75 lots are represented by proxy

OPENING COMMENTS

Alan Dechovitz introduced himself and welcomed community members, both those attending in person and by Zoom. He explained that as required by the by-laws, an annual meeting is held each October to answer questions about topics requiring Board decisions, actions, and operations of the community. It is also a time for IOB community members to offer input and feedback about the information shared.

Alan introduced each of the Board Members and Bundy Appraisal and Management:

- Alex Kent, Director and Executive Liaison to the Architectural Review Board (ARB)
- David Jussaume, Treasurer
- Carmen Dillard, Secretary
- Eric Powell, Vice President
- Robert and Kathy Bundy, Property Managers – Bundy Appraisal and Management

Alan also recognized the committees and dedicated volunteers who share their expertise and do an incredible amount of work for our community and in doing so help to keep overall costs down.

<p>Architectural Review Board Nancy Hailston Bill Ten Eyck Kat Klingler David Elder Becky Vaughan</p> <p>Grounds and Landscaping Shauna Bishop Sheryl Dominic Kathy Gardner Kat Klingler Tom Kucharchik David Papp Catherine Stewart Kathy Whitehead</p> <p>Marketing Marylyn Mueller Fred Mueller Jim Vaughan</p>	<p>Clubhouse Joan Dechovitz Jean Watson</p> <p>Social Marketing Marylyn Mueller Fred Mueller Jim Vaughan Nancy Brandt Kim David Kaye Erter Annette Jussaume Gloria Papp Julie Quarles Missy Taylor Linda Tunstall</p>
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MINUTES OF THE 2021 ANNUAL MEETING

The Board was unable to acquire written minutes of the 2021 annual meeting but was able to recover an audio of the meeting. Those were transcribed and placed on the IOB HOA website. Alex Kent made a motion to accept the transcription of the meeting and Eric Powell seconded the motion. The Board voted to approve the transcription of the minutes.

FINANCIAL REPORTS AND BUDGET PRESENTATION – DAVID JUSSAUME

Members of the IOB community received two packages regarding financial reports and budget:

- The 2023 IOB HOA Budget for the Common Area Operations, Common Area Reserves Account, Deer Island Operations, Deer Island Reserves Account, Comparison of Assessments (2022 versus 2023), Balance Sheet, and Income/Expense Statement . This was mailed to all members as part of the Annual Membership Meeting Packet. (Appendix A)
- The 2022 Annual Meeting IOB HOA Supplemental Financial Information which was emailed to all members on October 18, 2022 and reviewed in detail at this meeting. (Appendix B)

Supplemental Financial Information Discussion

- The assessment for 2023 compared to 2022 has increased by 6% for Common Area operations, 12% for Common Area reserves, 9% for Deer Island operations, and 0% for Deer Island Reserves.
- Slide 3 - October 2021 – The Board provided the expected budget. In Jan/Feb 2022, the new Board realized that the original budget amounted to a \$24K deficit. The Board came up with a working budget, which eliminated the deficit and provided a surplus.
- Slide 4 - The center pie graph on this slide is broken down further to give additional information.

- In preparing information for slides 5-11, an email was sent to community members asking for their input on what information/questions they would like addressed at the annual meeting. These requests are in green print at the top of each slide with details provided below that. These are:
 - Slide 5 – **Trailing three to five years for major expenditure categories for Common Area Operations** It was noted we have the least control over insurance costs.
 - Slide 6 – **Trailing three to five years for major expenditure categories for Deer Island Operations** (Same information for Deer Island as presented in Slide 5.)
 - Slide 7 – **Current YTD, expected year end, and budgeted number** This information was extracted from what the Board goes over monthly. It is broken down into a budget/plan and actuals. The red line is the plan to spend for whole year. So far, we have been following about 90% of the plan line since May. YTD, we are underspending and projected to spend about \$288K. It is expected that the yearend will come in between \$290-300K. The chart demonstrates the Board has tried to conservatively manage spending. If we end up underspending, those dollars will be rolled into reserves for projects, unexpected events, other renovations, emergencies, etc. The monthly charts for each month are in the monthly meeting minutes, which are posted on the IOB HOA website.
 - Slide 8 – **Line-item income and expense comparison**– This shows a further breakdown of expenses for Common Area Operations, Common Area Reserves, Deer Island Operations, and Deer Island Reserves.
 - Slides 9 and 10 – **Efforts made to hold the line on spending (in 2022)** Several items were cut or reduced to decrease expenditures.
 - Since Jeff is retiring in December, a new landscaping contract will come in less than what the association currently pays for landscaping needs.
 - The contract is being awarded to The Greenery, for an annual fee for general landscape maintenance of approximately \$60,000.
 - A community member recommended caution to ensure that the contractor continues to supervise work after the first 30 days. In his experience, this is commonly not the case with larger landscaping contractors. This will require follow-up by the IOB and consideration that additional funds may need to be built in for something above and beyond the monthly general landscape maintenance fee.
 - Eric Powell commented that not having Jeff and going to a commercial landscaping contractor will be an adjustment for the community. There was strong consensus among the members present that Jeff will definitely be missed and deserves our appreciation for his many years of serving the IOB.
 - Slide 11 – **How we are going to get back on track financially; where IOB stands with reserve accounts relative to hurricanes and other disasters; where reserves are invested and how secure they are** –
 - This slide shows the Cash Held in Banks (end of each month through September). This information is put in the monthly minutes.
 - Information is provided about the financial institution holding the account, type of account (i.e., Money Market or Checking), and IOB designation (Common Area Operations or Reserves, Deer Island Operations or Reserves, and Builder's Deposits)

- A question was asked about why Deer Island funds are separated from the Common Area funds. Deer Island, a private community within the IOB, pays for common shares, plus a small common area piece on Deer Island.
 - Clarification was requested regarding what is considered as operational and what are reserves.
 - Operation budgets are things that happen on a year-to-year basis. Reserve funds cover things we don't do on a yearly basis, such as large capital expenditures and emergencies.
 - Reserve funds are also being used to slowly renovate, repair, and update the Clubhouse and plan to be used on the Clubhouse roof replacement within the next few years.
 - Alan explained that it is normal to upgrade a common area facility and use reserve money for that purpose. We need to make investments for the future by upgrading or adding amenities of interest for the people in the community. It also adds value to the community overall.
 - There is also a possibility of having a special assessment if there are not enough reserve funds available. (This happened in 2018 and 2019 as a result from the damage of Hurricane Matthew then Hurricane Irma the very next year.) Since that, the association continues to build up the reserves.
 - The IOB Board will be initiating a Reserve Study with an independent agency at the beginning of the 2023 year. The purpose is to determine long term needs of community and how much reserve money needs to be set aside.
- Slide 12 – Detailed Comparison of Assessments – 2022 vs. 2023 (for the Mainland, Cotton Island, and Deer Island.) The pie chart in this slide indicates that fixed cost makes up 92% of expenditures while discretionary costs make up 8%. As a result, there is not a lot of room to reduce costs.
- Slide 13 – Calculated Compound Average Growth Rate (CAGR) of Assessments Paid. This slide includes historical assessment data from 2015-2023 with projected assessments from 2023 through 2030. The graph shows how costs are going up over time. The Association is managed very conservatively, and our wealth of volunteers (both in numbers and expertise) helps reduce cost.
- Slide 14 – 2022 Bridge Insurance Options – The Board decided to go with the 2nd option on this slide based on the 2022 quote for insurance. This represents a decrease for both bridges from the 2021 premium.
 - A question was raised about the possibility of considering a lower insurance cost with a special assessment when repair/replacement might be needed. Alan responded that the Board decided it was best in the long run to continue with this premium and not risk taking a chance on what could be significant damage and cost should one or both bridges be severely damaged or lost in a storm.
- Slide 15 – Bridge Inspection and Maintenance
 - Bridge inspections are recommended every two years. The last assessment was done in September 2022.
 - While the last assessment indicates that both bridges are in good condition, wear boards for both continue to be a significant challenge and expense given the amount of truck traffic both incur. We are required to be insured for at least 90% of the replacement cost.

- The Board raised the bridge use fee from \$5,000-\$6,000 for construction traffic.
- There was a concern raised that the cost of the wear boards is significantly underestimated. The last replacement of wear boards for the Deer Island bridge took place in 2019 for a cost of \$56,000. This was done by a special assessment.
- Originally, the bridges were built without wear boards. The wear boards were later added due to heavy traffic and for safety reasons. The bridges originally intended for vehicular traffic only, but many residents choose to walk on them, which is a lifestyle choice here.
- A comment was raised from the floor for the Board to consider creating a walking path on one side of each bridge as part of the 2024 budget.
- Slide 16 – Deer Island Operations budget (No comments)
- Slide 17 – Contract Summary and Durations (No comments)

After this extremely thorough presentation, the participants expressed their gratitude and thanks to David for the incredible amount of work and detail he put into the financial report.

REPORTS OF COMMITTEES

Architectural Review Board – Fred Mueller, Administrator

Fred thanked and acknowledged Alex Kent, who has served this past year as the ARB's liaison to the Board of Directors.

Two residences were completed in 2022. Seven residences are currently under construction. Three residences are under ARB review. Over 60 percent of the original 196 lots has been absorbed, either as residences, double lot properties, or community-owned green space.

As the economy adjusts to higher construction materials costs and mortgage interest rates, it is probable that 2023 will see additional construction in IOB, as reflected by construction generally throughout Beaufort County.

Marketing Committee – Marilyn Mueller

The members of the Marketing committee are Nancy Hansen, Jean Watson and myself. Fred Mueller acts as a consultant concerning construction trends and lot sales. In addition, Jim Vaughn has been invaluable in working with us to renew our trademarks.

Our advertising vehicles are:

Private Communities.com

This is an Internet-based sales and marketing site used to build consumer awareness and deliver sales leads (approximately 225/year) along with the ability to easily track results and attract qualified buyers from inside and outside our local market area. Each of these leads is sent a Welcome package and list of the current homes and lots for sale. In addition, each lead is passed on to one of our three preferred realtors.

Lowcountry Weekly

This is a local publication, published every other Wednesday and distributed free throughout Beaufort County at various locations including restaurants, retail stores, hotels, and visitor's centers. We have

run 4-color ¼ page ads at various times in this publication. It is one vehicle that enhances our local visibility. Due to budget constraints, we have only placed three ads in March 2022.

Visitors and Relocation Guide: This is an annual publication, 70,000 copies are distributed each year including visitors' centers in Beaufort, Savannah, and the Savannah airport. The MCAS gives a copy to active-duty military, newly stationed in the region. It is also available online throughout the year at: www.beaufortsc.org, p. 68.

Islands of Beaufort.com: In addition to overall information about IOB, our website also is used for marketing our homes and lots that are for sale. The most up to date real estate page listing can be downloaded and there are links directly from the photo of the property to the MLS listing. We have over 1000 visits a month on our site.

Facebook: Our Facebook page has a link directly to our website, which is one more way for folks to find us. We try to occasionally post new pictures of our community to entice people to our site. If you have any photos, you think would be appropriate, please contact one of us on the marketing committee.

Trademarks: We have three registered Trademarks, Islands of Beaufort, renewed for 10 years, October 2022; our Three Palm trees, renewed for 6 years, November 2021; our tagline "Lowcountry living At Its Best" is in the process of renewing for 10 years.

Social Committee – Annette Jussaume

- Annette acknowledged and thanked the members of the Social Committee for their outstanding work: Nancy Brandt, Kim David, Kay Erter, Gloria Papp, Julie Quarles, Missy Taylor, and Linda Turnstall
- The committee had a full year. Several IOB social events have been held (or will be held this year) including:
 - Pie Day (March 2022)
 - Derby Day (May 2022)
 - Solstice Day (June 2022)
 - Annual Reading of the Declaration of Independence (July 2022)
 - The Annual Party taking place at 6:30 this evening (October 2022)
 - The Merry Mingle, which will be held the evening of December 11, 2022. (More information to come.)
- For tonight's event, themed "An Evening Under the Stars," we will be gathering in the clubhouse pool area. We will again have grazing tables provided by Grace and Gouda, fresh shrimp provided by Sea Eagle Market, desserts, and a signature cocktail. Members of "Sweet Grass Angels" will provide music. As always, we could use some help cleaning up after the party, both tonight and tomorrow morning at 10:00 am. If you are able, just join us at the clubhouse.
- The Social Committee will soon start planning a full calendar of events for 2023. They would love to have community input and ideas, especially as several of the current members will be rotating out. For those interested in joining this committee, please fill out the form included in the annual meeting package or contact any of the members.
- Jeff's retirement party will be held at the Clubhouse on December 4th from 2:00 – 4:00 pm. A question was raised about a monetary gift for Jeff's retirement. Joan Dechovitz shared that in past years, holiday monetary gifts were collected for Jeff and given to him with a card just before Christmas. With Jeff's last day at IOB being December 16th, this collection will begin in November for those who wish to contribute.

- Alan commented that the social network we enjoy here at IOB has made it possible when getting through difficult times, such as the pandemic. He expressed great appreciation for how the work of the Social Committee allows us to come together and maintain a strong relationship with each other in the community.

Clubhouse Committee – Joan Dechovitz

- IOB has once again donated over a ton of non-perishable food to HELP of Beaufort for its pantry. Thanks to all of you for your generosity.
- The gym is undergoing a major facelift. The details are in the BOD report in the meeting package. Joan also thanked Jean Watson for all the work she has done to coordinate the scheduling for the gym.
- New fans are being installed on the front and screen porches.
- The handicap-accessible ramp has been replaced. The new flooring is more durable than the previous wooden one.
- Due to requests from several members, the BOD voted to keep the pools open until November 1st.
- This year there have been problems with people not following the posted rules for dealing with trash. Soiled diapers and food waste were put in the recycling bin, and trash was left on the poolside tables. Pool toys are being left around the pool. Someone put a soiled diaper in the kitchen trash can.
- The grill continues to be left uncleaned after use. Joan doesn't know who used it last, but whoever it is needs to clean it. Cleaning supplies and instructions are in a plastic box under the grill.
- Please remember to be a good neighbor and leave the facilities in as good as or better condition than you found them. If you see broken or malfunctioning equipment or furnishings, please notify the Bundys, the Clubhouse Chairman, or a member of the BOD.
- Joan announced that she is finishing her tenure and Clubhouse Committee Chair. David and Nancy Brandt will be taking over as chairs of this committee. The community thanks Joan for her many years of service and dedication with overseeing the Clubhouse.

Grounds and Landscaping Committee (GL&C) – Kathy Whitehead

Kathy recognized the members of the GL&C, as well as the Board Liaisons

- Members: Shauna Bishop, Sheryl Dominic, Kathy Gardner, Kat Klinger, Tom Kucharchik, David Papp, Catherine Stewart
- Board Liaisons – Alex Kent began as GL&C Board Liaison. In August, the transition was made from Alex Kent to Carmen Dillard serving as Liaison.

Projects Completed Since Last Annual Meeting:

- 4 quarterly newsletters created, distributed, and posted
 - Fall and Winter Gardening; Trees; Bird Feeders
 - Shrub and Plant Pruning; Neighborhood Tips
 - Pollinators; Irrigation Tips
 - Bird Identification; Dogfennel; Monarch Butterfly Migration
- 4 Workdays
 - Improved plantings around the 2 community dock entrances
 - Pruned Oleanders at front gate (Year 2 of 3)
 - Added small foxtails ferns to front gate entry

- 4 projects arranged with contractors
 - Trimmed sabal palms on IOB property
 - Widened/refreshed bark pathway to DeLa Gaye Community Dock
 - Refreshed bark pathways in Belle Grove Park
 - Refreshed pine straw on Deer Island and Cotton Island Park

Christmas decorations – The Board approved funds to create welcoming holiday décor for the front gate. The committee will start with basic decorations this year, then build on that each year. (Need to consider storage location.)

Looking Ahead to 2023:

The G&LC is interested in pursuing a redesign to aesthetically improve the landscaping and beds in the front of the Clubhouse.

Election of Directors

Carmen Dillard and Robbie Smith provided brief introduction to participants. Alan Dechovitz was recognized with a hearty applause for his many years of service on the IOB Board.

Unfinished Business

None

New Business

None

Voting Results

Carmen Dillard and Robbie Smith were elected to serve as Board Members for the Islands of Beaufort Homeowner's Association.

The meeting was adjourned at 11:51.

Appendix A: Budget Information Mailed to Association Members

Islands of Beaufort HOA 2023 Budget - Common Area

Common Area Operations	2023 Budget	Notes
Income		
Assessment Income		
Assessment 186 lots @ \$1,682	331,638	2022 was 187 lots @ \$1,682
Other Income		
Interest Income	0	Interest is only earned in Reserve MM accounts
ARB Fees Income (2 homes @ \$1,250)	2,500	Based on 2 homes planned
Late Fees, Finance Charges	4,950	
Fines	6,000	
Legal Fees	0	No litigation
Bad Debt Write Off	(13,450)	
Gate Remotes	1,170	30 remotes @ \$39 each
Vacant Lot Maintenance	10,500	60 lots x \$175 (brush hogging, removal of trees from owners properties)
Total Common Area Operations Income	343,208	
Common Area Operations Expenses		
Administrative Expenses	36,147	2022 was \$40,272
Annual Meeting Expenses	1,100	
Accounting Fees	700	
Legal Services	4,000	
Management Fees		
Monthly Contract - BAM	27,562	\$2,296.83 per month
charge for "vender 10/99" generation	200	
payroll / W2 prep	375	
Gate phone (VoIP for main gate)	240	
web communication	170	yearly Zoom subscription
copier charges, office supplies	1,000	
postage	800	
Marketing	7,360	2022 was \$7,500
Private Communities Registry	5,250	decrease of \$250 from 2022
Pickle Juice (yearly contract)	1,800	Yearly contract Jan 15 2022 to Jan 14 2023; \$450/Q
Pickle Juice (web site maintenance)	200	avg over 3 years
GoDaddy (domain registration)	110	renews in Feb.
Low Country Weekly	0	
Beaufort Visitor Center	0	
Trade Mark renewal	0	
Insurance & Taxes	53,146	2022 was \$58,526
Commercial Liability Insurance	2,927	
Property Insurance	8,000	
Umbrella Insurance	1,174	
Cotton Island Bridge Insurance	33,500	increase of 10% over 2022 cost of \$30,407
Directors & Officers Insurance	3,000	
Workmans Comp Insurance	1,000	
Herbicide Insurance	0	
Flood Insurance	1,295	
Property Taxes	2,000	
Volunteer Accident Insurance	250	
ARB Services	16,220	2022 was \$19,200
ARB Administrator	15,000	
ARB Professional Support	720	based on 2 homes (\$210 Architectural, \$150 Arborist)
ARB Plan Digitizing Expense	500	
Grounds & Landscape Expenses	112,200	2022 was \$116,193
Grounds and Landscape Contract	72,000	
2022 Storm Water Infrastructure Maintenance		
Cleaning Dry Retention Ponds	1,500	there are 7 dry ponds
Cleaning wet Retention Ponds	1,200	there are 4 dry ponds
Clean certain street drains as needed @ \$100	500	
Vacant Lot Maintenance	10,500	60 lots x \$175 (brush hogging, removal of trees from owners properties)
Grounds and Landscaping		
Landscape Materials and Supplies	9,500	
Tree Work	17,000	

Islands of Beaufort HOA
2023 Budget - Common Area

Clubhouse & Pool Expenses	33,180	2022 was \$29,185
Clubhouse		
Cleaning	5,550	Merry Maids: \$430/month avg. \$162/yr for trash removal
Operations & Maintenance	3,000	Jan through mid-Aug 2022 ~ \$1,545
Pest Control	1,900	2021 actual (Annual Pest Control, Termite Renewal, Wasps)
Supplies	250	
Security/Lock System [4 qtrs @ \$1,035]	4,140	contract
Fire Ex Inspection	75	
Pool		
Year Round Pool Contract	14,040	Monthly fee \$1170
DHEC Pool Permits	225	DHEC Pool Permit - (Adult \$125, Kiddie - \$100)
Chemicals	3,000	
Repairs, other	1,000	
Social/Hospitality Committee	7,700	2022 was \$12,500
Community Events	1,200	
Annual Dinner Expenses	6,500	
Main Gate	6,970	2022 was \$5,970
Equipment Lease [4 qtrs @ \$1,200]	4,800	contract
Gate remotes	1,170	30 remotes @ \$39 each
Entry Gate Routine Repairs	1,000	
Utilities	31,050	2022 was \$30,951
Electricity	18,000	
Internet [Hargray] for: Fr Gate & CH	6,050	
Water	7,000	
Total Common Area Operations Expenses	301,973	2022 was \$320,647
Budget Surplus (Deficit) with 2 Homes	39,335	
Budget Surplus (Deficit) without 2 Homes	36,835	

Common Area Reserves Account		Notes
Common Area Reserves Income		
Reserve Assessment Income (186 X \$721)	134,106	2022 was 187 lots @ \$644
Cotton Island Reserve Assessment Income (25 X \$692)	17,300	2022 was 25 lots @ \$618
CI Bridge Impact Fee Income [0 @ \$6000]	0	
Infrastructure Impact Fee [2 @ \$3,000]	6,000	
IOB Kayak Storage	1,500	12 slots @ \$125/yr
Interest Earned on Reserves Accounts	200	Money Market accounts
Total Common Reserves Income	159,106	
Common Area Reserves Expense		
Repairs, Renovations and Replacements		
Pickle ball nets	2,000	
General Landscape	5,000	
Bridge and dock repairs	10,000	includes CI dock (repair and sealing), CI bridge wear boards
Clubhouse Grounds (projects are TBD)	35,000	
Clubhouse Building (projects are TBD)	70,000	
Clubhouse Fence replacement	30,000	
Common Area Reserves Expense	152,000	
Reserve Surplus (Deficit) with 2 homes	159,106	
Reserve Surplus (Deficit) without 2 homes	153,106	

Annual Assessment Summaries

Common Area Assessments		% Change from Prior Year
Operations Assessment	1,783	6.0%
Reserve Assessment	721	12.0%
Special Assessment	0	0.0%
Total	2,504	
Cotton Island Lot Assessments		
Reserve Assessment	692	12.0%
Special Assessment	0	0.0%
Total	692	

Assumptions

Income from new homes: 0 on CI and 2 on mainland

**Islands of Beaufort HOA
2023 Budget - Deer Island**

Deer Island Operations		Notes
Deer Island Income		
Operations Assessment (29 lots @ \$1248)	36,192	2022 was 29 lots @ \$1,145
Red Debt Write Off	0	
Total Deer Island Operations Income	36,192	
Deer Island Operations Expenses		
Property Taxes	140	
Gate Equipment Lease [4 qtrs @ \$1,050]	4,200	contract
Internet [Hargray] for: DI Gate	1,610	\$134 per month
Gate phone (VoIP)	240	\$20 per month
Irrigation Water	1,250	avg of \$103 per month
Grounds and Landscape Contract	3,000	
Backflow Preventer Test (@ 47 Anchorage Way)	175	
Landscape Maintenance - Materials and Labor	725	
Deer Island Causeway Electrical (for gate operation)	625	removal of meter @ DI Causeway
Stormwater Infrastructure Maintenance	0	
Bridge Insurance	24,225	increase of 10% over 2022 cost of \$22019
Total Deer Island Operations Expenses	36,190	2022 was \$34,623
DI Operations Surplus (Deficit)	2	

Deer Island Reserves Account		Notes
DI Reserves Income		
Reserves Assessment (29 lots @ \$931)	26,999	2022 was 29 lots @ \$931
DI Bridge Impact Fee Income [-0- homes @ \$6,000]	0	
Interest Earned on Reserve Accounts	50	
Total DI Reserves Income	27,049	
Total DI Reserves Income with -0-homes		
DI Reserves Expenses		
Landscape improvements and replacement	750	
Gate maintenance, repairs, parts	1,500	
Irrigation tie in @ Causeway	2,500	
Bridge approach concrete repair	2,500	both ends
Bridge Wear Boards - replacement and sealing	4,500	4,536 total in 2021 (3591 for DI, 945 for CI)
Total DI Reserves Expenditures	11,750	
Reserve Surplus (Deficit)	15,299	

Annual Assessment Summaries

Deer Island Lot Assessments		% Change
Operations Assessment	1,248	9.0%
Reserve Assessment	931	0.0%
Special Assessment	0	0.0%
Total	2,179	

Assumptions
Income from homes: 0 on DI

Islands of Beaufort's HOA Annual Report

Detailed Comparison of Assessments - 2022 versus 2023

Islands of Beaufort HOA Assessments - 2023 versus 2022																			
			Operations				Reserve				Operations				Reserve				
Assessments Increase of -->			6.0%				12.0%				9.00%				0.00%				
			Mainland				Cotton Island				Deer Island				Totals				
# of Assessed Lots			2022		2023		2022		2023		2022		2023		2022		2023		
	orig	2022	2023	ops	reserve	ops	reserve	ops	reserve	ops	reserve	ops	reserve	ops	reserve				
Mainland																			
	141	133	132	\$1,682	\$644	\$1,783	\$721									\$309,358	\$330,554		
Cotton Island																			
	26	25	25	\$1,682	\$644	\$1,783	\$721									\$58,150	\$62,605		
									\$618			\$692				\$15,450	\$17,304		
Deer Island																			
	29	29	29	\$1,682	\$644	\$1,783	\$721									\$67,454	\$72,622		
total lots =	196	187	186											\$1,145	\$931	\$1,248	\$931		
Assessment per lot by Area =				\$2,326		\$2,504		\$2,944		\$3,196		\$4,402		\$4,683					
																	total =	\$510,616	\$546,278
																	total Common Area operations =	\$314,534	\$331,623
																	total DI operations =	\$33,205	\$36,193
																	total Common Area assessment =	\$434,962	\$465,781
																	total CI reserve assessment =	\$15,450	\$17,304
																	total DI ops & reserve assessment =	\$60,204	\$63,192

Summary of Changes		
Area	\$ per year	Percentage
Mainland	\$178	7.65%
Cotton Island	\$252	8.55%
Deer Island	\$281	6.38%

Summary of Changes

Area	\$ per year	Percentage
Mainland	\$178	7.65%
Cotton Island	\$252	8.55%
Deer Island	\$281	6.38%

Balance Sheet

As of 9/30/2022, Accrual Basis

Prepared By: Bundy Appraisal &
Management
PO Box 1225
Beaufort, SC 29901

Islands of Beaufort HOA

Assets

Current Asset

01 IOBHOA-SSB-Operating	76,107.21
01 IOBHOA-SSB-Operating - Pending EFTs	196.50
03 IOB Deer Island WF Operating	26,411.22
04 IOB Building Deposit Acct-Regions	53,500.00
05 IOB Reserves-FFB-MM	140,679.41
06 IOB Reserves-WF Savings	18,607.83
08 IOB Reserves-Ameris-MM	189,849.74
09 IOB Reserves-Regions-MM	106,985.05
22 IOB DI Reserves&Contingency-WF-Savings	93,818.05
24 IOB DI Reserves FFB-MM	35,903.12
Receivables	25,820.15
Receivables-Allowance for Doubtful Accounts	(15,618.40)
Total Current Asset	\$752,259.88

Total Assets

\$752,259.88

Liabilities

Current Liability

A/P-Builder Deposits	53,000.00
Accounts Payable	2,235.00
IOB Reserves - 01 IOB Budget Contingency	11,867.19
IOB Reserves - 02 IOB Capital Fund	20,677.54
IOB Reserves - 03 IOB Replacement Reserves	434,400.20
IOB Reserves - 20 IOB DI Replacement Reserves	115,784.96
IOB Reserves - 21 IOB DI Budget Contingency Account	3,198.20
Prepaid Assessments	5,221.00
Total Current Liability	\$646,384.09

Total Liabilities

\$646,384.09

Equity

Retained Earnings	0.00
Net Income	105,875.79
Total Equity	\$105,875.79

Total Liabilities & Equity

\$752,259.88

Income Statement

1/1/2022 - 9/30/2022, By Year, Accrual basis

Prepared By: Bundy Appraisal &
Management
PO Box 1225
Beaufort, SC 29901

Islands of Beaufort HOA

Account	01/01/2022 - 09/30/2022	Total
Income		
Assessment Income-IOB		
01 IOB Assessment	314,534.00	314,534.00
20 Deer Island Operation Assessment	33,205.00	33,205.00
Total for Assessment Income-IOB	\$347,739.00	\$347,739.00
Fines	4,500.00	4,500.00
Interest and Miscellaneous Income		
Gate Remote Income	741.00	741.00
Total for Interest and Miscellaneous Income	\$741.00	\$741.00
IOB Kayak Storage Income	1,550.00	1,550.00
Legal Fee Income	1,830.00	1,830.00
Other Income-IOB		
IOB Interest Income	0.01	0.01
IOB Late Fees	4,310.98	4,310.98
IOB-ARB Fees Income	4,575.00	4,575.00
Other Income-IOB - Other	34.00	34.00
Total for Other Income-IOB	\$8,919.99	\$8,919.99
Total Income	\$365,279.99	\$365,279.99
Expense		
Administrative Expenses-IOB		
IOB Accounting Fees	645.00	645.00
IOB Annual Meeting Expense	575.21	575.21
IOB Bad Debt Write Off	3,238.03	3,238.03
IOB Legal Service	8,024.00	8,024.00
IOB Management Fee	20,671.47	20,671.47
IOB Office Supplies	1,368.96	1,368.96
IOB Postage	726.92	726.92
IOB-Communication	1,433.89	1,433.89
Total for Administrative Expenses-IOB	\$36,683.48	\$36,683.48
ARB Services-IOB		
IOB ARB Administrator	11,250.00	11,250.00
IOB ARB Professional Support	2,373.98	2,373.98
Total for ARB Services-IOB	\$13,623.98	\$13,623.98
Grounds & Landscape Expense-IOB		
IOB Equipment Related Expense	5,109.27	5,109.27
IOB Landscape (Continuing Education)	197.68	197.68
IOB Landscape Employee	48,903.20	48,903.20
IOB Landscape Materials & Supplies	1,273.68	1,273.68

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Income Statement

1/1/2022 - 9/30/2022, By Year, Accrual basis

Prepared By: Bundy Appraisal &
Management
PO Box 1225
Beaufort, SC 29901

Account	01/01/2022 - 09/30/2022	Total
IOB Landscaping Maintenance & Enhancements	8,334.00	8,334.00
IOB Tree Work	7,305.00	7,305.00
Total for Grounds & Landscape Expense-IOB	\$71,122.83	\$71,122.83
Insurance & Taxes-IOB		
IOB Cotton Island Bridge Insurance	30,406.78	30,406.78
IOB Directors & Officers Insurance	2,501.00	2,501.00
IOB Flood Insurance	1,295.00	1,295.00
IOB Herbicide Insurance	748.00	748.00
IOB Workers Comp Insurance	1,835.00	1,835.00
IOB-Commercial Liability Insurance	2,927.00	2,927.00
IOB-Property Insurance	7,601.26	7,601.26
IOB-Umbrella Insurance	1,174.00	1,174.00
IOB-Volunteer Accident Insurance	250.00	250.00
Total for Insurance & Taxes-IOB	\$48,738.04	\$48,738.04
IOB Clubhouse & Pool Expenses		
IOB Clubhouse Cleaning	3,460.00	3,460.00
IOB Clubhouse Operations & Maintenance	3,763.35	3,763.35
IOB Clubhouse Pest Control	768.24	768.24
IOB Clubhouse Security Lock System	3,105.00	3,105.00
IOB Clubhouse Supplies & Water	153.78	153.78
IOB Pool Materials & Labor	13,656.07	13,656.07
Total for IOB Clubhouse & Pool Expenses	\$24,906.44	\$24,906.44
IOB Deer Island Expenses		
Deer Island Bridge Insurance	22,018.70	22,018.70
Deer Island Gate Equipment Lease	3,150.00	3,150.00
Deer Island Gate Phone	1,358.26	1,358.26
Deer Island Irrigation Water	937.56	937.56
Deer Island Landscaping	385.00	385.00
Deer Island SCE&G (Well & Gate)	722.13	722.13
Deer Island Storm Water Infrastructure Maintenance	1,200.00	1,200.00
Total for IOB Deer Island Expenses	\$29,771.65	\$29,771.65
IOB Social/Hospitality Committee		
IOB Annual Dinner Expense	1,212.50	1,212.50
IOB Community Events	1,055.10	1,055.10
Total for IOB Social/Hospitality Committee	\$2,267.60	\$2,267.60
IOB Utilities		
IOB Electricity	12,734.48	12,734.48
IOB Telephone (Hergray)	4,702.28	4,702.28
IOB Water	4,830.55	4,830.55

Income Statement

1/1/2022 - 9/30/2022, By Year, Accrual basis

Prepared By: Bundy Appraisal &
Management
PO Box 1225
Beaufort, SC 29901

Account	01/01/2022 - 09/30/2022	Total
Total for IOB Utilities	\$22,267.31	\$22,267.31
IOB-Gates		
IOB Equipment Lease (Main Gate)	3,600.00	3,600.00
IOB Gate Remote Expense	780.00	780.00
Total for IOB-Gates	\$4,380.00	\$4,380.00
Marketing		
IOB Marketing Expense	5,642.87	5,642.87
Total for Marketing	\$5,642.87	\$5,642.87
Total Expense	\$259,404.20	\$259,404.20
Net Operating Income	\$105,875.79	\$105,875.79
Non-operating Income		
Reserve Income-IOB		
01-Reserve Assessment-IOB	120,428.00	120,428.00
02- Cotton Island Reserve Income	15,450.00	15,450.00
04 Infrastructure Impact Fee	11,750.00	11,750.00
07 IOB Reserve Interest Income	202.09	202.09
09 IOB Vacant Lot Income	4,850.00	4,850.00
Total for Reserve Income-IOB	\$152,680.09	\$152,680.09
Reserve Income-IOB- Deer Island		
10 Deer Island Reserve Assessment	26,999.00	26,999.00
11 Deer Island Impact Fee	6,000.00	6,000.00
12 Deer Island Reserve Interest	11.31	11.31
Total for Reserve Income-IOB- Deer Island	\$33,010.31	\$33,010.31
Total Non-operating Income	\$185,690.40	\$185,690.40
Non-operating Expense		
Reserve Expenditure-IOB		
08 Vacant Lot Maintenance	9,750.00	9,750.00
09 Unexpected Expenses	2,741.90	2,741.90
30 CI Bridge Inspection Report	3,000.00	3,000.00
31 Maint. Equipment Purchase/Overhaul/Repair	4,117.21	4,117.21
32 Belle Grove Park Development	2,896.65	2,896.65
33 Clubhouse Expansion/Repair/Enhancements	5,855.78	5,855.78
44 IOB Gym Equipment	15,789.65	15,789.65
47 Storm Water/Infrastructure Maint/Power Washing	24.21	24.21
48-IOB New Landscaping Installs	1,380.00	1,380.00
Replcmnt Reserve Funds Transferred/Used-IOB	107,124.69	107,124.69
Total for Reserve Expenditure-IOB	\$152,680.09	\$152,680.09
Reserve Expenditure-IOB-Deer Island		
20-Deer Island Unexpected Expense	545.58	545.58

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Income Statement

1/1/2022 - 9/30/2022, By Year, Accrual basis

Prepared By: Bundy Appraisal &
Management
PO Box 1225
Beaufort, SC 29901

Account	01/01/2022 - 09/30/2022	Total
23 DI Street Drainage Control	3,420.00	3,420.00
26 DI Bridge Inspection	3,000.00	3,000.00
32-Deer Island Gate Entry Landscaping Project	95.00	95.00
33 DI Gate Repair-Welding/Bearings/Brackets	950.00	950.00
DI Replmt Reserve Funds Transferred/Used	24,999.73	24,999.73
Total for Reserve Expenditure-IOB-Deer Island	\$33,010.31	\$33,010.31
Total Non-operating Expense	\$185,690.40	\$185,690.40
Net Non-operating Income	\$0.00	\$0.00
Net Income	\$105,875.79	\$105,875.79

2022 Annual Meeting Islands of Beaufort HOA Supplemental Financial Information

October 22nd, 2022

Islands of Beaufort's HOA Annual Report

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Note - text in **green** at the top of any slide is a request for information from a member and the slide is the response to that question.

Evolution of 2022 Budget – October 2021 vs. February 2022

- Decision was made to not work to a plan with a deficit.

Common Area Operations Expenses (continued)	2021 Budget	2022 Budget	\$ Change	2022 Working Budget	2022 Working Budget \$ Change	Notes
Social/Hospitality Committee				12,500	(500)	
Community Events	3,300	5,000	1,700	4,500	1,200	Increased headcount
Annual Dinner Expenses	6,700	8,000	1,300	8,000	1,300	Increased headcount
Gates				5,970	1,170	
Equipment Lease (Main Gate) [4 qtrs @ \$1,200]	4,800	4,800	-	4,800	-	Lease is \$1200 per Q
Gate remotes				1,170	1,170	added line item; 30 remotes @ \$39 each
Utilities				30,951	224	Mulch, Wood Chips, Pine Straw (Land
Electricity	18,567	17,274	(1,293)	18,000	(567)	2021 actual \$17,300
Internet (Hargray) for: Fr Gate & CH	6,544	6,628	84	6,050	(454)	2021 actual (per month: \$504 Fr Gate & CH)
Water	5,464	6,825	1,361	6,901	1,437	2021 Actual
Capital Improvements Fund						
Capital Fund Allocations	-	-	-	-	-	
Real Estate Transaction Expense						
Real Estate Carrying Costs	2,120	-	(2,120)	-	-	
Total Common Area Operations Expenses	321,102	340,098	18,996	320,642	(8,941)	
	\$ (32,385)	\$ (24,495)		\$ 3,634		Budget Surplus (Deficit) with 4 Homes
				(\$1,366)		Budget Surplus (Deficit) without 4 Homes

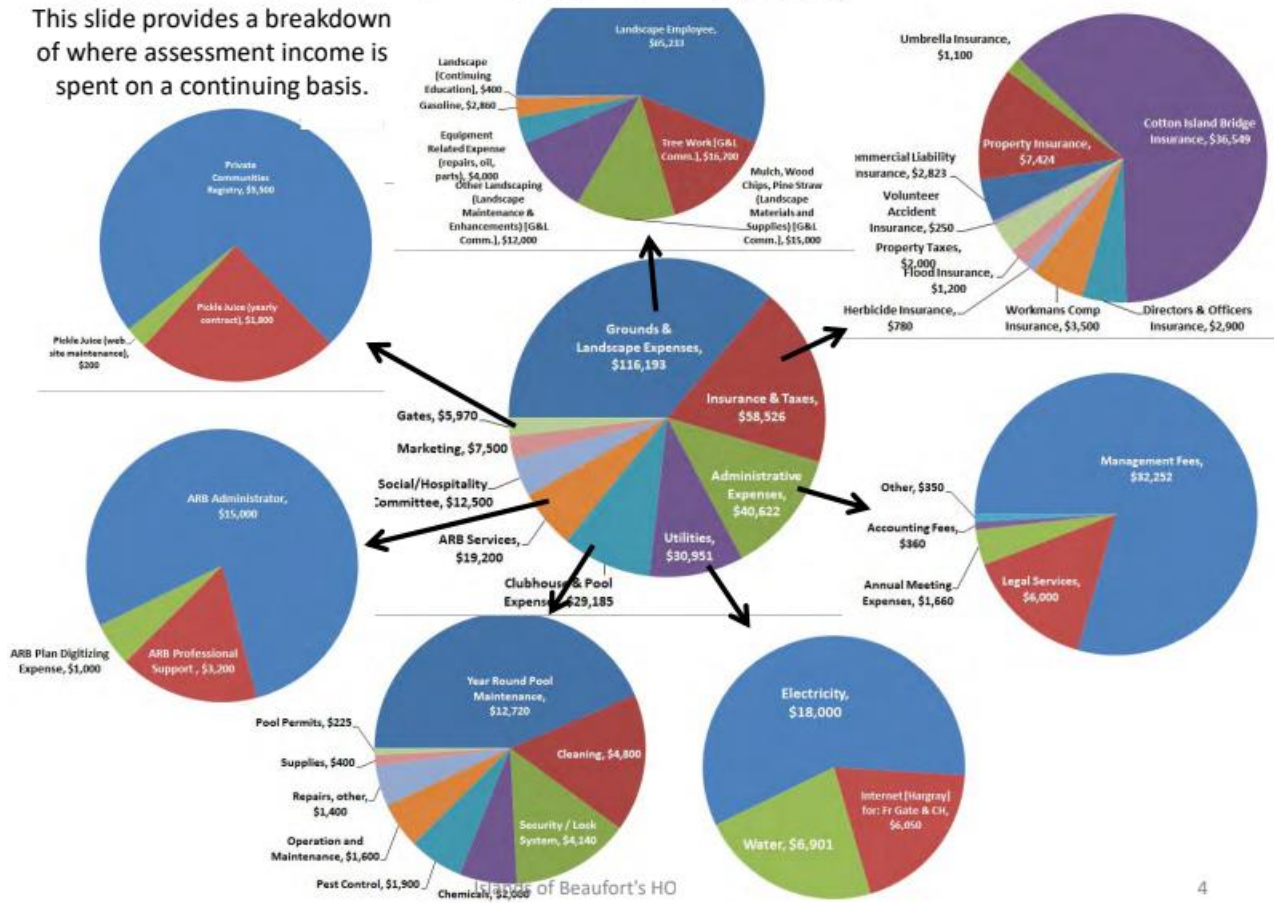
October 2021 contained a deficit

February 2022 eliminated deficit

Common Area Operations	2022 Released	2022 Working	Change	Comparison of 2022 October Budget versus 2022 Working Budget
Income				
Total Common Area Operations Income (\$000)	315.60	324.30	8.70	
Common Area Operations Expenses (\$000)				
Administrative Expenses	37.30	40.60	3.30	
Marketing	16.30	7.50	(8.80)	
Insurance & Taxes	59.80	58.50	(1.30)	
ARB Services	17.60	19.20	1.60	
Grounds & Landscape Expenses	124.40	116.20	(8.20)	
Clubhouse & Pool Expenses	36.10	29.20	(6.90)	
Social/Hospitality Committee	13.00	12.50	(0.50)	
Gates	4.80	6.00	1.20	
Utilities	30.70	31.00	0.30	
Total Common Area Operations Expenses	340.00	320.70	(19.30)	
Net	(24.40)	3.60	28.00	← Net result was an approximately \$19K reduction in planned spend.

Breakdown of 2022 Common Area Ops Working Budget

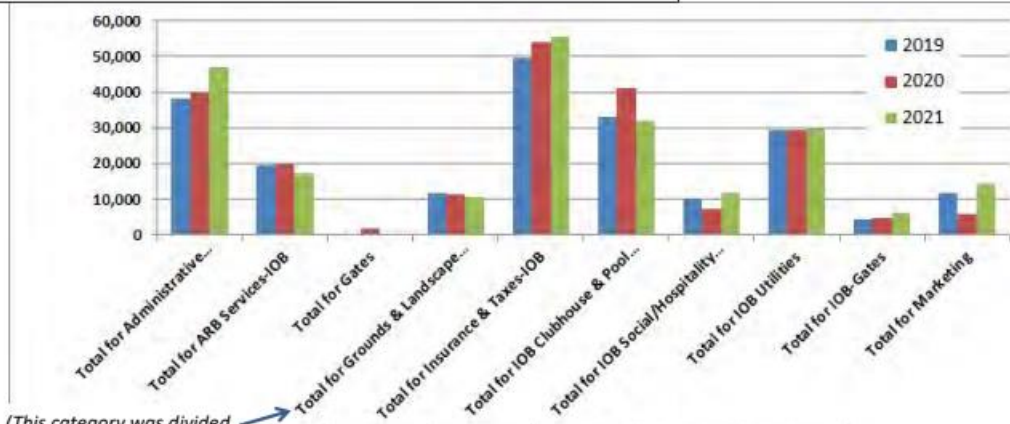
This slide provides a breakdown of where assessment income is spent on a continuing basis.



Note: There is an error on this slide. – The end of the arrow above in the center pie graph should extend to “Marketing,” not “Gates.”

... trailing three to five years for major expenditure categories ...

Common Area Operations Historical Spend Actuals



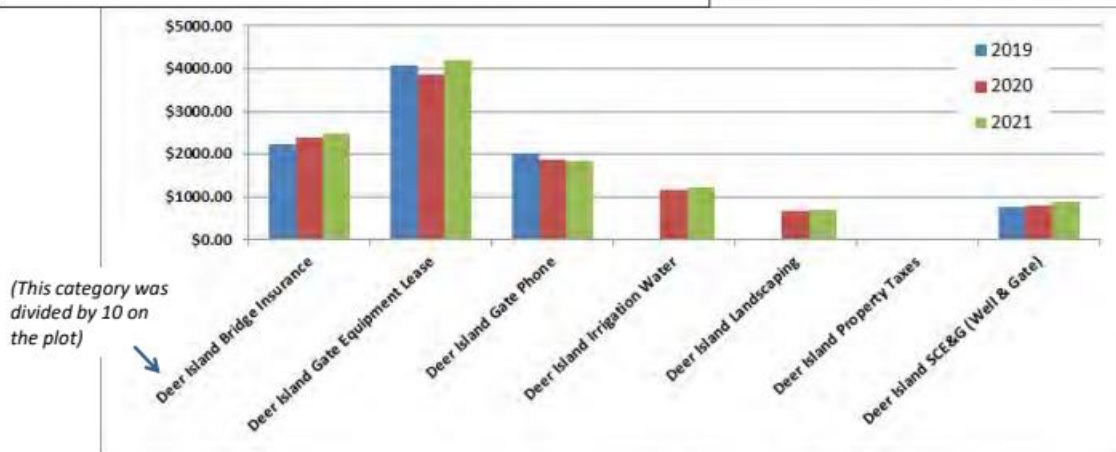
	2019	2020	2021	From 2019 to 2021		2022 Working Budget	Change from 2021
				% change	\$ Change		
Total for Administrative Expenses-IOB	38,340	39,875	47,003	22.6%	8,663	40,622	(\$6,381)
Total for ARB Services-IOB	19,406	19,814	17,335	-10.7%	-2,070	19,200	\$1,865
Total for Gates		1,950			0		\$0
Total for Grounds & Landscape Expense-IOB	116,890	114,845	104,942	-10.2%	-11,948	116,193	\$11,251
Total for Insurance & Taxes-IOB	49,605	53,857	55,530	11.9%	5,925	58,526	\$2,996
Total for IOB Clubhouse & Pool Expenses	32,943	41,093	32,028	-2.8%	-915	29,185	(\$2,843)
Total for IOB Social/Hospitality Committee	10,055	7,140	11,547	14.8%	1,492	12,500	\$953
Total for IOB Utilities	29,501	29,285	29,590	0.3%	89	30,951	\$1,361
Total for IOB-Gates	4,473	4,800	6,360	42.2%	1,887	5,970	(\$390)
Total for Marketing	11,563	5,945	14,156	22.4%	2,593	7,500	(\$6,656)
Total	312,776	318,604	318,492	1.8%	5,717	320,647	\$2,155

Islands of Beaufort's HOA Annual Report

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... trailing three to five years for major expenditure categories ...

Deer Island Operations Historical Spend Actuals



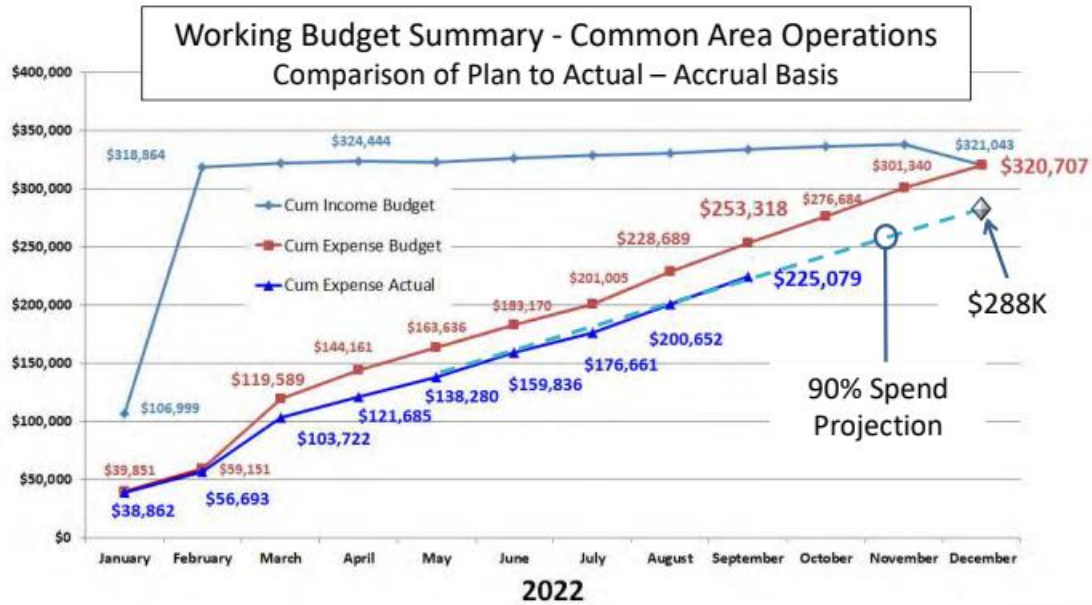
	2019	2020	2021	From 2019 to 2021		2022 Working Budget	Change from 2021
				% change	\$ Change		
Deer Island Bridge Insurance	\$22,453	\$23,733	\$24,897	10.9%	\$2,445	\$26,241	\$1,344
Deer Island Gate Equipment Lease	\$4,080	\$3,850	\$4,200	2.9%	\$120	\$4,200	\$0
Deer Island Gate Phone	\$2,017	\$1,870	\$1,828	-9.4%	(\$189)	\$1,850	\$22
Deer Island Irrigation Water	\$0	\$1,170	\$1,213		\$1,213	\$1,215	\$2
Deer Island Landscaping	\$0	\$663	\$707		\$707	\$0	(\$707)
Deer Island Property Taxes	\$0	\$0	\$0			\$133	\$133
Deer Island SCE&G (Well & Gate)	\$773	\$806	\$877	13.4%	\$104	\$984	\$107
Total	\$29,323	\$32,091	\$33,722	17.8%	\$4,399	\$34,623	\$901

I don't calculate 17.8%. I get 15%

Islands of Beaufort's HOA Annual Report

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... current YTD, expected year end, and budgeted number.



Monthly Spend Rate % – Cum to Month End

	January	February	March	April	May	June	July	August	September	October	November	December
Actual Spend	38.8	56.7	103.7	121.7	138.3	159.8	176.6	200.6	225.1			
Budgeted Spend	39.8	59.1	119.6	144.1	163.6	183.1	201	228.7	253.3			
% of Budget	97.5%	95.9%	86.7%	84.5%	84.5%	87.3%	87.9%	87.7%	88.9%			

Line item income and expense comparison, ...

Data as of September 31
Relative to Working Budget Plan

Common Area Operations	budget	actual	surplus (deficit)
annual mtg	0	575	(\$575)
accounting	360	645	(\$285)
legal	4500	8024	(\$3,524)
mgmnt	24239	22923	\$1,316
mrktng	7000	7077	(\$77)
ins	56526	48448	\$8,078
ARB	14650	13624	\$1,026
G&L	54203	55484	(\$1,281)
GLComm	35900	15639	\$20,261
CH	9675	11250	(\$1,575)
pool	12315	13656	(\$1,341)
social	5667	2268	\$3,399
Main gate	4770	4380	\$390
util	23213	22111	\$1,102
	253018	225529	\$26,914

Common Area Reserve	budget	actual	surplus (deficit)
Equipment Purchases	3750	4117	(\$367)
Entry Gate Routine Repairs	1650	0	\$1,650
Year Board Maintenance/Replacement	1000	0	\$1,000
Vacant Lot Maintenance	8850	9750	(\$900)
New landscaping installs	3750	1380	\$2,370
Cleaning Dry Retention Ponds	2250	24	\$2,226
Cleaning wet Retention Ponds	3600	0	\$3,600
Refresh/add river rock along DeLa Gaye	1500	0	\$1,500
Clean certain street drains	750	0	\$750
Unexpected Expenses	3750	8639	(\$4,889)
House Expansion/Repair/Enhancements	0	5856	(\$5,856)
IOB Gym Equipment	0	15790	(\$15,790)
	30850	45556	(\$14,706)

DI Operations	budget	actual	surplus (deficit)
Deer Island Property Taxes	0	0	\$0
Deer Island Gate Equipment Lease	3150	3150	\$0
Internet [Hargray] for: DI Gate	1208	1202	\$6
Gate Phone (VoIP)	180	156	\$24
Deer Island Irrigation Water	911	1323	(\$412)
Landscaping Maintenance Materials	0	0	\$0
Water Infrastructure Maintenance	0	1200	(\$1,200)
Deer Island Bridge Insurance	26241	22019	\$4,222
	32428	29772	2656

DI Reserves	budget	actual	surplus (deficit)
DI Landscape repair	5000	95	\$4,905
DI Gate maintenance, repairs, parts	2625	1496	\$1,129
Entrance concrete repair (west end)	0	0	\$0
Unexpected Expenses	0	6420	(\$6,420)
Bridge Wear Board Replacement	5000	0	\$5,000
	12625	8011	\$4,614

This summary has more information than shown on slides 5 and 6

Islands of Beaufort's HOA Annual Report

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Note: There is an error on this slide....the date (above right) should be September 30.

Efforts made to hold the line on spending [in 2022].

- *Eliminated "New Owner Package" cost - ~2K*
- *Reduced Marketing Budget from \$16.3K to \$7.5K by*
 - *Eliminating Low Country Weekly advertising and Beaufort Visitor Center*
 - *Reduced spend on Go-Daddy web hosting*
- *Bridge Insurance (refer to separate slide)*
 - *Increased deductible of "Wind/Hail, Earthquake and Flood" from 3% to 5% of insured value*
 - *Increased deductible for All Other Perils (AOP) from \$5K to \$25K*
- *Reduced Grounds and Landscaping budget from \$124.4K to \$116.2K (underspending the \$116.2K budget)*
- *Reduced Clubhouse Cleaning approximately \$5K by changing vendors*
- *Reduced spend on Social/Hospitality by approximately \$4K*

Incorporated into the 2023 Common Area Ops Budget

- *Planned for reduced spend in Legal*
- *Slight decrease in Marketing*
- *Reduced spend in Workman's Compensation Insurance*
- *Reduced spend in Grounds and Landscaping (refer to separate slide)*

Grounds and Landscaping - Changing to Fully Contracted Basis

- Common Area Ops Budget for 2023 = \$72K
- Deer Island Ops Budget 2023 = \$3K

Summary of <u>2022 Budget</u> being Replaced by a Contract		
Category	\$	Notes
Landscape Employee	65,250	
Continuing Education	400	
Equipment Expense (repairs, oil, parts)	4,000	
Gasoline	2,860	
Equipment Purchases	5,000	
Herbicide Insurance	750	
Workman's Comp. Insurance	850	
Sub-Total	76,536	
Above plan in Equip. Purchases and Gasoline	1,500	
Projected Total for 2022	~78,000	Projected Cost in 2023 if work NOT Contracted with a Vendor
8% Inflation Impact on 2022 budget (Except for Landscape Employee)	~1,000	
Budget for 2023 with same approach as 2022 →	~\$79,000	Up ~\$2,500 from 2022 <u>Budget</u>

How are we going to get back on track financially ...
 Where does IOB stand with reserves relative to hurricanes and other disasters?
 Where are the reserves invested and how secure are they?

Cash Held In Banks (end of month) - \$681K

Includes: Common Area Reserves and Ops, DI Reserves and Ops

Bank Balances (end of month)		2022								
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Type										
Ameris		\$64,998	\$144,911	\$200,883	\$200,890	\$200,898	\$200,906	\$200,916	\$189,794	\$189,850
Common Area Res	MM	\$64,998	\$144,911	\$200,883	\$200,890	\$200,898	\$200,906	\$200,916	\$189,794	\$189,850
First Federal Bank (FFB)		\$136,851	\$136,853	\$181,664	\$181,667	\$181,671	\$181,224	\$181,139	\$181,143	\$176,582
Common Area Res	MM	\$95,832	\$95,834	\$140,645	\$140,647	\$140,651	\$140,654	\$140,658	\$140,662	\$140,679
Deer Island Res	MM	\$41,019	\$41,019	\$41,019	\$41,020	\$41,020	\$40,570	\$40,481	\$40,481	\$35,903
Regions		\$150,228	\$150,229	\$155,230	\$160,231	\$160,231	\$160,733	\$161,233	\$170,483	\$160,485
Builder's deposits	checking	\$52,000	\$52,000	\$57,000	\$62,000	\$62,000	\$62,500	\$63,000	\$63,500	\$53,500
Common Area Res	MM	\$98,228	\$98,229	\$98,230	\$98,231	\$98,231	\$98,233	\$98,233	\$106,983	\$106,985
South State Bank (SSB)		\$180,751	\$298,896	\$223,509	\$184,646	\$166,840	\$148,507	\$133,995	\$102,283	\$76,107
Common Area Ops	checking	\$180,751	\$298,896	\$223,509	\$184,646	\$166,840	\$148,507	\$133,995	\$102,283	\$76,107
Wells Fargo (WF)		\$110,853	\$149,821	\$169,339	\$145,619	\$143,964	\$143,570	\$143,237	\$138,530	\$138,837
Deer Island Ops	checking	\$22,685	\$43,057	\$54,171	\$30,450	\$28,794	\$28,447	\$28,113	\$26,735	\$26,411
Common Area Res	MM	\$18,607	\$18,607	\$18,607	\$18,607	\$18,607	\$18,608	\$18,608	\$18,608	\$18,608
Deer Island Res	MM	\$69,561	\$88,157	\$96,561	\$96,562	\$96,563	\$96,516	\$96,516	\$93,187	\$93,818
Total =		\$689,055	\$926,074	\$930,625	\$873,053	\$853,604	\$834,940	\$820,520	\$782,233	\$741,861
Liabilities		\$53,365	\$52,112	\$57,983	\$63,578	\$64,164	\$65,288	\$66,433	\$67,577	\$60,956
Builder's Deposits		\$51,500	\$51,500	\$56,500	\$61,500	\$61,500	\$62,000	\$62,500	\$63,000	\$53,500
Member Pre-Paid		\$565	\$565	\$1,434	\$2,078	\$2,664	\$3,288	\$3,933	\$4,577	\$5,221
Accounts Payable		\$1,300	\$47	\$49	\$0	\$0	\$0	\$0	\$0	\$2,235
Net=		\$635,690	\$873,962	\$872,642	\$809,475	\$789,440	\$769,652	\$754,087	\$714,656	\$680,905
Common Area Reserves		\$303,866	\$383,782	\$439,758	\$439,768	\$439,780	\$439,793	\$439,807	\$437,439	\$437,514
Deer Island Reserves		\$110,580	\$129,176	\$137,580	\$137,582	\$137,583	\$137,086	\$136,997	\$133,668	\$129,721

Cash Held In Banks

Dec. 31, 2020 - \$461.9K

Dec. 31, 2021 - \$436.5K

Islands of Beaufort's HOA Annual Report

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Detailed Comparison of Assessments - 2022 versus 2023

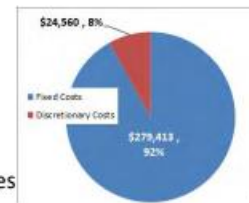
Islands of Beaufort HOA Assessments - 2023 versus 2022																					
			Assessments Increase of -->																		
			Operations 6.0%				Reserve 12.0%				Operations 9.00%				Reserve 0.00%						
			Mainland				Cotton Island				Deer Island				Totals						
# of Assessed Lots			2022		2023		2022		2023		2022		2023		2022		2023				
			orig	2022	2023	ops	reserve	ops	reserve	ops	reserve	ops	reserve	ops	reserve						
Mainland			141	133	132	\$1,682	\$644	\$1,783	\$721							\$309,358	\$330,554				
Cotton Island			26	25	25	\$1,682	\$644	\$1,783	\$721							\$58,150	\$62,605				
										\$618		\$692				\$15,450	\$17,304				
Deer Island			29	29	29	\$1,682	\$644	\$1,783	\$721							\$67,454	\$72,622				
														\$1,145	\$931	\$1,248	\$931				
total lots =			196	187	186											\$60,204	\$63,192				
Assessment per lot by Area =						\$2,326		\$2,504		\$2,944		\$3,196		\$4,402		\$4,683					
Summary of Changes																					
Area			\$ per year			Percentage															
Mainland			\$178			7.65%															
															total =			\$510,616		\$546,278	
															total Common Area operations =			\$314,534		\$331,623	
															total DI operations =			\$33,205		\$36,193	
															total Common Area assessment =			\$434,962		\$465,781	
															total CI reserve assessment =			\$15,450		\$17,304	
															total DI ops & reserve assessment =			\$60,204		\$63,192	

Summary of Changes		
Area	\$ per year	Percentage
Mainland	\$178	7.65%
Cotton Island	\$252	8.55%
Deer Island	\$281	6.38%

Discretionary spending includes:

- Marketing
- Social
- Landscape Materials & Supplies

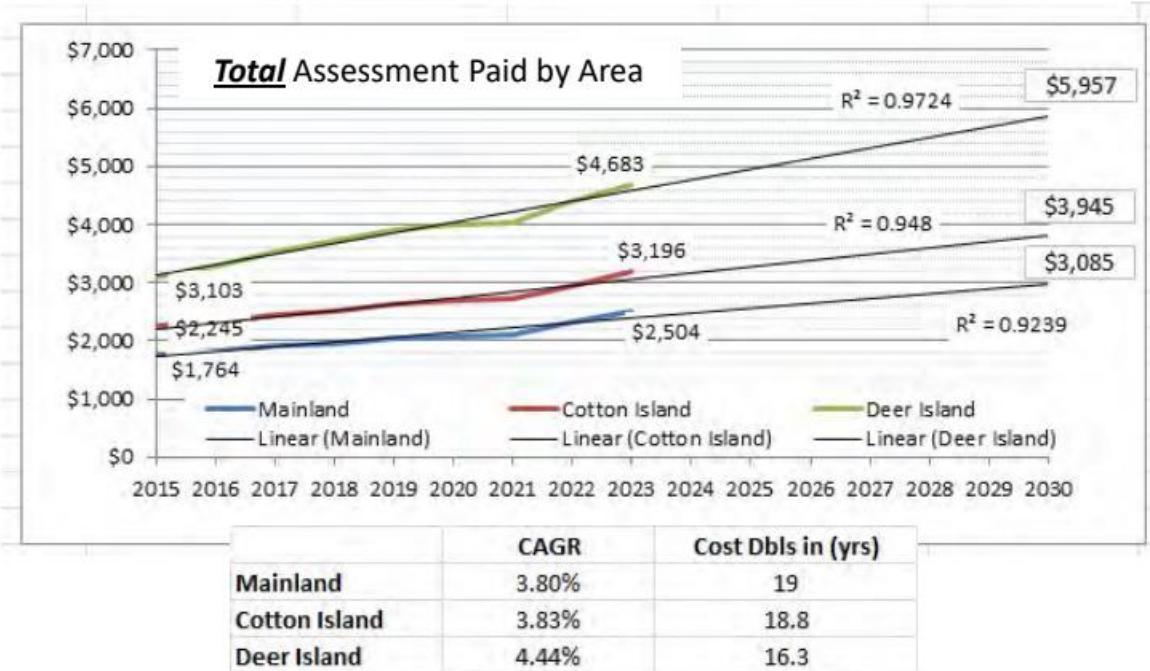
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Calculated Compound Average Growth Rate of Assessments Paid

- Historical Assessment Data 2015 through 2023
- Projected Assessments 2023 through 2030



CAGR is Compound Average Growth Rate

R² is the measure of how well the projection agrees with past data (i.e. 1 is complete agreement)

2022 Bridge Insurance Options

	All Other Perils (AOP)	Deductible Levels								Cost Breakdown				Total Cost	Decrease from Baseline			
		Wind/Hail		Earthquake		Flood		Fee	Surplus Policy Fee (SF)	Tax	Premium							
		Per Cent of Value	\$	Per Cent of Value	\$	Per Cent of Value	\$											
		CI	DI	CI	DI	CI	DI											
2021 Actual	\$5,000	3%			3%				3%							\$59,827	-----	
2 Baseline	\$5,000	3%	\$54,600	\$41,040	3%	\$54,600	\$41,040	3%	\$54,600	\$41,040	\$1,000	\$0	\$3,407	\$55,790	\$60,197	-----		
0 Option 1	\$5,000	5%	\$91,000	\$68,400	5%	\$91,000	\$68,400	5%	\$91,000	\$68,400	\$1,000	\$210	\$2,630	\$52,602	\$56,442	\$3,755		
2 Option 2	\$25,000	5%	\$91,000	\$68,400	5%	\$91,000	\$68,400	5%	\$91,000	\$68,400	\$1,000	\$194	\$2,423	\$48,458	\$52,075	\$8,122		
	XXX	--- indicates a change																

Option Chosen for 2022

If the Cost Increase for Bridge Insurance continues at a CAGR of 7% then in 2032 the Cost could be \$120K per year.

Using same-to-same comparison

- \$60,197 as 2022 premium
- CAGR was 6.8%



Plot of Bridge Premiums vs. Time

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Bridge Inspection and Maintenance

- DI Complete wear board replacement 1H 2019 ~ \$56K
- Bridge Inspections are recommended **every 2 years**
- Bridge Wear Board Treatment recommended **every year**

	Length (ft)	Width (ft)	total area	% Area
CI Bridge Length x width =	891	22	19602	58.0%
DI Bridge Length x width =	660	21.5	14190	42.0%

Potential Maintenance Costs per year (No Inflation) – Per Bridge

Bridge Inspection (annualized)	\$3000
Wear Board Treatment	\$9000
Wear Board Replacement	\$4000
Repairs to Bridge (annualized)	<u>\$ 500</u>
Total	\$16,500

- 
- Bridge abutment
 - Utility hangers
 - Under Deck Structural repairs
 - Guardrails

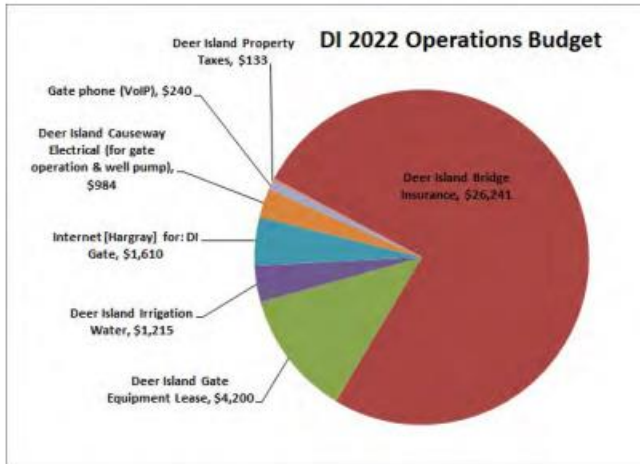
O'Quinn Marine Construction Inc.			
Date	Description	Bill	Payment
8/27/2021	Deer Island Bridge Wear Boards-60		\$1179.00
11/18/2021	Deer Island Wear Board Replacement		\$3572.78
11/18/2021	Deer Island Bridge Treatment		\$8990.00
		total =	\$13,742

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2022 Deer Island Operations Budget

Deer Island Operations Expenses			
Deer Island Property Taxes	133	-	
Deer Island Gate Equipment Lease	4,200	-	Lease is \$1050 per Q
Internet [Hargray] for: DI Gate	1,610	(460)	2021 actual (per month: \$134 for DI Gate)
Gate phone (VoIP)	240		
Deer Island Irrigation Water	1,215	15	2021 actual
Deer Island Landscape Maintenance Materials	-	(1,200)	Eliminate
Deer Island Causeway Electrical (for gate operation & well pump)	984	184	Usage, inflation
Stormwater Infrastructure Maintenance	-		added this item
Deer Island Bridge Insurance	26,241	2,201	Increased 2021 actuals + CPI %
Total Deer Island Operations Expenses	34,623	980	
DI Operations Surplus (Deficit)	\$ (1,418)		



In 2022 90% of the DI Ops Budget is Gate and Bridge Insurance

Deer Island Annualized Costs			
Gate		% of Projected Spend	
Elec	526		
Securit	4200		
VoIP	240		
Interne	1608		
subtotal =	6574		20.7%
Bridge Ins	22019		69.5%

Contract Summary and Durations

Contract Summary and Durations		2022												2023												2024																							
		J a n	F e b	M a r	A p r	M a y	J u n	J u l	A u g	S e p	O c t	N o v	D e c	J a n	F e b	M a r	A p r	M a y	J u n	J u l	A u g	S e p	O c t	N o v	D e c	J a n	F e b	M a r	A p r	M a y	J u n	J u l	A u g	S e p	O c t	N o v	D e c												
<u>Prepaid in total</u>																																																	
	Private Communities Registry																																																
	Low Country Weekly																																																
	GoDaddy - domain registration (Note 2)																																																
<u>Prepaid monthly</u>																																																	
	Bundy Appraisal & Management (Note 2)																																																
	Year Round Pool																																																
	Custom Security (Note 1, 2)																																																
<u>Paid in arrears</u>																																																	
	Picklejuice																																																
		Note 1 - Contract start date: 1 Nov 2019																																															
														Note 2 - Automatically renews for 1 year term																																			
<u>Service Agreements (pay as you go)</u>																																																	
	Bannon Law Group	Michael Murphy (arborist)																																															
	Rob Montgomery (architects)	Merry Maids																																															