The Landings Association, established in August 1972, is a non-profit corporation formed to promote the health, safety, and welfare of the residents of The Landings on Skidaway Island. Every person or entity who is an owner of record in any lot or living unit which is subject to covenants of record is a member of the corporation (Association). The Landings Association owns, operates, and maintains the common properties and facilities, and provides security services within the community.
The Landings Association enjoyed an exceptional year in 2009. Despite some anticipated and realized economic challenges, this first year of our new assessment resulted in continued economic stability throughout the organization. As reflected in the financial report, our anticipated revenues were sufficient to meet expenses as well as provide for the contribution to the reserve fund.

The staff continued to flourish under the leadership of our General Manager, Shari Halldeman. Her leadership efforts resulted in the continued growth of several of our managers, especially Karl Stephens, who assumed additional duties during the past year, and Paul Kurilla, whose experience as the director in Public Works has enabled that department to meet the many challenges which are inevitable with the vast diversity of property and equipment. The Association also was able to make personnel changes and adjustments consistent with the needs of the organization and the abilities of the employees. Unfortunately, our Security Chief retired, but his presence in the final two quarters of the year allowed a smooth transition to our new Chief, David Willier, who as the point person for all security and safety issues has been an effective addition to our community.

The bridge is getting closer to the initiation of construction, we survived another hurricane season without incident, the drought has ended at least for the short term, we still cannot effectively dredge the channel at Delegal Marina, and we have seen the repair of the Marsh Tower and the beginning of repairs to the Delegal Marina. The latter two projects are being completed on schedule, and with appropriate cost considerations.

As with every annual report, we experience transition. The Board appreciates the efforts and work of Cliff Lindholm and Chris Savage for their three-year terms. I have enjoyed my two years at the helm and am confident the Association is in good and competent hands with the new officers, under the direction of my successor, John Sobke. Finally, I truly appreciate all of your kind thoughts and comments the two past years, and the confidence you have shown to our organization and leadership.

Gary Bross
President
The Landings Association

Landings Association Vision Statement
To be the most desirable private, residential community in the Coastal Southeast.

Landings Association Mission Statement
The mission of The Landings Association is to maintain common property, provide services, and administer covenants in a publicly responsible and efficient manner.

Critical Few Objectives
- Maintain and Enhance Property Values
- Market The Landings
- Govern Effectively
- Exercise Fiscal Responsibility
- Enhance Internal Community Communications
- Enhance External Relationships

Core Values/Basic Beliefs
- Integrity, honesty, fairness, and respect in all dealings
  - Good citizenship
  - Good neighbor (within and beyond The Landings)
  - Respect for privacy
- Effective governance and management
  - Financial stability
  - Being a good employer
  - Good use of resources
  - Good value for investment
  - High level of volunteerism
- Clear communications to all stakeholders
- Security and safety for all residents
- Environmentally sensitive community
- Favorable quality of life
  - Respect for family
  - Acceptance of all ages
  - Diverse amenities

We are part of our community.
### Statements of Cash Flows

<table>
<thead>
<tr>
<th>Year-end Analysis</th>
<th>Department Reports:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Community Development</td>
</tr>
<tr>
<td></td>
<td>Community Relations</td>
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<tr>
<td></td>
<td>Finance</td>
</tr>
<tr>
<td></td>
<td>Human Resources/Org Effectiveness</td>
</tr>
<tr>
<td></td>
<td>Marinas</td>
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<td></td>
<td>Public Safety</td>
</tr>
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<td>Public Works</td>
</tr>
<tr>
<td></td>
<td>The Landings Company</td>
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</table>

2009 Financials

- Treasurer’s Report | 27
- 2009 Audited Financial Statements | 28
- Notes to the Financial Statements | 32
- Supplementary Information: Major Repairs & Replacements | 40
- Supplementary Information: Detailed Association & Marina Financials | 43
Year-end Analysis

Dear Residents,

2009 represented the first year of the property owners' approved 2009-2011 Assessment Plan. That Plan was developed through collaboration with residents, the Board of Directors, Association Committees, and employees. It represents our commitment to continue to meet our residents’ highest priorities as reflected in the 2006 and 2007 community surveys, two community workshops, and a series of resident discussion groups during development of the three-year Assessment Plan. The primary focus continues to be improving service delivery, safety, road repair, landscape services, and street sweeping; improving grounds, facilities, and lagoons; and protecting and improving our infrastructure.

The fiscal reality of the global economic recession has created both challenges and opportunities for the Association. The 2009 TLA Operating Fund revenue was $290,000 less than budget, almost entirely in non-assessment revenue sources. Our primary revenue source, the Assessment Fees paid by property owners, is stable at the present time, with delinquent accounts at only 1.5%. The 2010 budget projects total revenue of $6,483,023, a $210,198 increase over 2009, which reflects the voter-approved increase in the one-year property owner assessment amount, as non-assessment revenues continue to decline.

Architectural plan review revenue declined by more than half in 2009 along with the national collapse in the housing and credit markets, as new residential construction and investment in remodeling and renovation curtailed. These same factors, coupled with reduced consumer spending, also negatively impacted contractor gate fee revenues.

The warning signs were acknowledged, and the 2009 budget was adjusted to reflect these signals. Association employees and I are keenly aware of our obligation and responsibility to exercise sound fiscal judgment to ensure the financial security of the Association, regardless of the economy. The current fiscal environment in which we operate is defined by our heightened awareness of the impact of a bleak economy on our property owners and our increased scrutiny of revenues and expenditures. We accepted the economic conditions as an opportunity to challenge further our heightened awareness of the impact of a bleak economy.

The financial management policies, strategies, and practices institutionalized over the past several years have served us well in the current economic climate. Key components of our “early warning systems” that provided the ability to respond quickly, but with a long-term perspective, to the recessionary impacts are as follows:

• A Long Range Financial Plan (LRFP) enables us to adjust our projections as economic conditions change, providing the tools to determine when and where problems will arise over a six-year period of time. While this Plan normally is updated annually, throughout 2009 we aggressively monitored revenue and expenditures and adjusted both the assumptions and projections accordingly.

• A Capital Asset Management Plan (CAMP) contains the data required to plan appropriately for the cost of future asset replacement. The CAMP details an extensive inventory of $50 million in asset value, including a specific timetable for replacement based on the estimated life of each asset. During the annual update of the CAMP, unit costs were evaluated and adjusted, and condition inspections were performed to validate replacement schedules. Obsolete assets were eliminated from the replacement schedule. In addition, a refinement of the allocation of assets between the Association and Marina was made.

• A Capital Reserve Fund provides the mechanism to fund the CAMP, providing for gradual accumulation of capital reserves to a targeted level. The CAMP and reserve fund are tools that provide us with the means to analyze the efficiency of the asset investments. Staff continuously evaluates the validity of the assumptions used to establish the useful life of each asset group, the methodology for reserve calculation, and the adequacy of the reserve fund balance.

A Performance Measurement system provides staff with the tools to diagnose and improve service delivery. The system

Continued on page 22

Shari Haldeman
General Manager/
Chief Operating Officer

2009 Committees:
GOVERNANCE
Dick Dent, Chair
Lorraine Boice
Jim McMenemy
Lori Molida
Chris Savage

Staff Liaisons:
Shari Haldeman
Karl Stephens

STRATEGIC PLANNING
Dick Dent, Chair
Lorraine Boice
Gary Bross
Cliff Lindholm
Lou Molida
Chris Savage
John Sobke
Gerry Von Bargen

Staff Liaison:
Shari Haldeman

Statements of Revenues and Expenses and Changes in Members’ Equity
## Balance Sheets

**December 31, 2008**

### Assets
- **Current Assets**
  - Cash & cash equivalents: $1,002,699
  - Cash and marketable securities: $436,164
  - Receivables: $1,528,732
  - Other current assets: $5,487

- **Fixed Assets**
  - Buildings and improvements: $3,340,520
  - Equipment and software: $43,788
  - Other assets: $57,054

- **Intangible Assets**
  - Goodwill and other intangibles: $118,000

- **Total Current Assets**
  - $4,838,841

### Liabilities and Equity
- **Current Liabilities**
  - Accounts payable and accrued expenses: $92,469
  - Income taxes payable: $3,365
  - Current portion of long-term liabilities: $101,834
  - Deferred revenue: $768

- **Long-Term Liabilities**
  - Long-term debt: $60,091
  - Lease liabilities: $39,991
  - Other long-term liabilities: $231,388

- **Total Current Liabilities**
  - $93,054

### Equity
- **Members' equity**
  - $3,822,400

**Total Assets**
- $4,926,888

**Total Liabilities and Equity**
- $4,926,888

### Notes
- The accompanying notes to the Financial Statements are an integral part of these financial statements.

### Acknowledgments
- Thanks to everyone who has contributed to the success of the organization.

---

**Audit Committee Report**
- The Audit Committee has reviewed the financial statements and has found them to be accurate and complete.

**Independent Auditor's Report**
- The independent auditor has expressed an unqualified opinion on the financial statements.

---

**Balance Sheets**

<table>
<thead>
<tr>
<th>Operating</th>
<th>Marina</th>
<th>Reserve</th>
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<tbody>
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<td>$1,528,732</td>
<td>$3,340,520</td>
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<tr>
<td>5,487</td>
<td>8,687</td>
<td>73,919</td>
<td>73,919</td>
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<tr>
<td>1,002,699</td>
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<tr>
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<td>$287,752</td>
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<tr>
<td>$352,835</td>
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<td>$3,365</td>
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<td>768</td>
<td>768</td>
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<td>1,026,753</td>
</tr>
<tr>
<td>$352,835</td>
<td>$352,835</td>
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<tr>
<td>493,362</td>
<td>493,362</td>
<td>1,046,258</td>
<td>1,046,258</td>
</tr>
</tbody>
</table>

**Total Assets**
- $4,926,888

**Total Liabilities and Equity**
- $4,926,888
Community Development

2009 HIGHLIGHTS

Department Reorganization
Due to decreasing demand for services with the downturn in the economy, the Community Development Department was reorganized in 2009. One of the two inspector positions was eliminated, and the Covenant Compliance role was shifted to the Security Department.

Architectural Review
Process Improvement
We increased the amount of pre-review meetings with residents and contractors in order to identify potential problem areas and increase chances of first-pass success. In addition, the Architectural Appeals Board was created, giving residents an additional opportunity to appeal the Architectural Review Committee’s decisions.

Lawn and Landscape Expo
The Development Committee, in conjunction with the Community Development Department, hosted the first event to combine landscape contractors and residents. This event also sparked a competition that selected four yards for new landscape plans and installations, as chronicled in The Landings Journal.

Communications
The Landings Association’s website (www.landings.org) was updated to include additional architectural and development resources. In addition, monthly columns regarding lawn and landscape tips began appearing in The Landings Journal.

OTHER SUPPLEMENTARY INFORMATION:
DETAILED ASSOCIATION AND MARINA FINANCIAL RESULTS

Excludes Equity in and Results of Operations of The Landings Company
## 2010 EXPECTATIONS

### Staffing Change

A new Community Development Manager will be hired to replace the departing Administrator, who moved away from the area at the end of 2009.

### Architectural Review

We will continue to evaluate the review process through follow-up interviews, proactive education efforts, and analysis and addressing of reasons for no-first pass success.

### Development

The Association’s website will continue to be updated to provide information and links for resources such as home maintenance, repair, and renovation. Community outreach will be ongoing through educational seminars, articles in *The Landings Journal*, and personal consultations.

### STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
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<tr>
<td>Total Lots:</td>
<td>4,422</td>
<td>4,422</td>
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<tr>
<td>Total Homes Completed:</td>
<td>3,986</td>
<td>3,953</td>
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</table>

---

## DEVELOPMENT

Jan Wright, Chair  
Al Arcady  
Rick Bayard  
John Platte  
Patricia Shea  
Raymond Suelflow  

Board Liaisons:  
Dick Dent  
Jim McInerney  
Shari Haldeman  

Staff Liaisons:  
Ken Durden  
Shari Haldeman
Community Relations

**Mission Statement**
The mission of the Community Relations Department is to provide timely information and services, mainly to external customers, while also providing and servicing the information technology backbone for The Landings Association. The Department consists of the Communications Program, the Information Services Center Program, and the Information Technology Program.

**2009 HIGHLIGHTS**

**Department Reorganization**
Due to fewer customer interactions, especially in commercial barcode sales with the lower building activity, an Office Manager was eliminated in 2009, and the Information Technology function was outsourced. In addition, a portion of the former Community Development Department’s workload was shifted to the Community Relations Department, allowing more seamless, one-stop shopping for our customers.

**Communication Improvements**
Upgrades continue to be made to the Association’s website; to respond to user requests and provide better functionality. In addition, a Twitter account has been established to provide timely messages about bridge disruptions to users’ cell phones (in addition to E-Mail Bulletins, as before).

**Bridge and Road Project**
We have continued working with the Bridge Committee and various officials to speed the replacement of the bridge and road work; to provide input as we can on the aesthetics; to work on emergency plans should our current bridge become impassable; and to report back to the Board and the community on the same. This included our annual Landings Political Roundtable, where we discussed this topic and others with our local, state, and federal representatives. This project now has received funding, and a contractor has been selected. The new, fixed bridge is scheduled to be installed and operational before the end of 2012.

**Information Technology**
A customized, replacement database was developed and installed, to integrate better all Association and Marina databases. This project has increased efficiency, as all employees will have better access to the data and files they need to assist our customers. In addition, a new point of sales software and hardware system was installed and is used by the Information Services Center to accept payments, providing more seamless tracking of these items.

---

**Supplementary Information on Major Repairs & Replacements**

<table>
<thead>
<tr>
<th>Components</th>
<th>Estimated Remaining Use Life (Years)</th>
<th>Estimated Current Replacement/Repair Cost</th>
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<tbody>
<tr>
<td>Administration Facilities</td>
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<tr>
<td>Automatic Gates</td>
<td>1 to 13</td>
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<tr>
<td>Backhoe</td>
<td>5</td>
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<tr>
<td>Cart Bridges</td>
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<td>Delegal Structure</td>
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<tr>
<td>Dock Boxes and Power Pedestals</td>
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<td>Dock Piling</td>
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<td>Dock Utility Tethers</td>
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<td>Entrance Signs</td>
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<tr>
<td>Field/Park Rehabilitation</td>
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<td>Fixed Walkways</td>
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<td>Floating Docks</td>
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<td>Forklifts</td>
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<td>Front-end Loader</td>
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<td>Gangways</td>
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<td>Gate Facilities</td>
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<td>Harbor Boat Elevators</td>
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<tr>
<td>Public Works Facilities</td>
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<td>Road Bridges</td>
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<tr>
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<td>Storm Drain Pipes</td>
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<td>Street Sweepers</td>
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<td>Sunset Pavilion Flooring</td>
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<td>Trails</td>
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<tr>
<td>Vacuum Jeter Truck</td>
<td>4</td>
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</tr>
<tr>
<td>Video Monitoring</td>
<td>1 to 14</td>
<td>$203,000</td>
</tr>
</tbody>
</table>

$ 65,692,050
Supplementary Information on Major Repairs & Replacements

The Association’s Board of Directors authorized a study in 2001 to estimate the remaining useful lives and the replacement costs of the storm drain, flood water control, road, trail, and bridge components of common property. The Association completed another study in 2005 to estimate the remaining useful lives and the replacement costs of the marina components of common property. The estimates were obtained from engineers who inspected the property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. In 2008, roads and cart paths were segregated into a separate reserve fund. Estimated current replacement costs were updated in 2008 and include an annual inflation rate and interest income, net of taxes, on amounts funded for future major repairs and replacements in the Capital Reserve Fund. Other common property and major equipment components are reviewed annually by the Public Works Committee and staff.

The following information is based on the 2008 review and a 2009 insurance appraisal review, and presents significant information about the components of common property. Amounts are rounded to the nearest thousand dollars.

### 2010 EXPECTATIONS

**Governmental Affairs**
We will continue to focus on the timely replacement of the Skidaway Narrows drawbridge with a fixed bridge. In addition, we will work with the Governmental Affairs Committee on how best to partner with the County and other agencies for assistance in ordinance enforcement and permitting processes. Finally, we will review such topics as the potential incorporation of Skidaway Island.

**Community Events**
LandingsFest on the Green will continue to be the Association’s major community event for the year. In addition, the Community Relations Department will plan and execute the Marinas’ Grand Opening celebration in 2010.

### STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
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<tbody>
<tr>
<td>TLA E-Mail Bulletin Subscribers</td>
<td>3,391</td>
<td>3,049</td>
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<tr>
<td>TLA E-Mail Bulletins Distributed</td>
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<td>192</td>
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<tr>
<td>Landings Journal Surveys Conducted</td>
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<tr>
<td>Commercial Decals Processed</td>
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<tr>
<td>Frequent Visitors Processed</td>
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<tr>
<td>Photo Identifications Processed</td>
<td>234</td>
<td>198</td>
</tr>
<tr>
<td>RV Spaces Managed</td>
<td>155</td>
<td>155</td>
</tr>
</tbody>
</table>
## Finance

### Mission Statement

The mission of the Finance Department is to manage prudently The Landings Association's financial resources; to assure compliance with applicable laws and policies governing financial transactions; and to provide timely and accurate information about the Association's financial position, including technical support. The Department consists of the following program areas: Accounting, Financial Management, Reporting, Insurance Risk Management, and Billing and Collection of Assessments.

### 2009 HIGHLIGHTS

During 2009, the Finance Department underwent a reorganization, to provide better service at no increased headcount. As part of this reorganization, the Chief Administrative Officer assumed additional duties as Finance Director. Reporting to him are a Controller and Senior Financial Analyst (both hired in 2009 to replace the previous Controller and Accountant). The Accounts Payable Assistant and Accounts Receivable Assistant continue to report to the Controller.

As part of the improvements to the department in 2009, a new electronic purchase order system was installed. This system replaces the paper-based system and allows immediate recording of accounts as expenditures are approved. New budgeting software also was installed, as was a new point of sales system at the Association’s main office and at the Marinas. Specific details about the Department’s program areas follow.

### Accounting

The Department is responsible for auditing and deposing daily cash receipts from the reception desk activities. These include vehicle and Dog Park registrations, daily pass fees from the gate, and retail operations at the Marinas, averaging a total of $5,000 daily. In addition, the Department issued more than 200 vendor checks per month, totaling more than $230,000. Payroll is administered in-house, which equates to approximately 75 paychecks every two weeks, totaling about $97,000. Accounting also tracks Paid Time Off for all Association employees.

### Billing

In 2009, the Association enlisted a local attorney to help collect on past due Association and Marina debts, and became more aggressive in this collection. During the year, the Finance Department prepared 4,422 (4,410 billable lots) property owner assessment statements, of which 377 elected to participate in the quarterly payment plan. The Department generated the following invoices on a monthly basis: approximately 800 marina statements; several service agreement statements to The Landings Club, Marina, and The Landings Company; and approximately 30 Landings Journal advertiser statements.

### Notes to Financial Statements

Maturities of long-term debt for the next five years and in the aggregate are as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$60,091</td>
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<td>2011</td>
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<td>2012</td>
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<td>2013</td>
<td>$60,091</td>
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<tr>
<td>2014</td>
<td>$60,091</td>
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</table>

### NOTE 14 - COMPANY COMMITMENTS

The Company leases office equipment under non-cancelable operating leases expiring in various years through 2014. The Company incurred rental expense relating to operating leases of $20,304 and $20,041 for the years ended December 31, 2009 and 2008, respectively.

Minimum annual lease payments are as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Annual lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$22,232</td>
</tr>
<tr>
<td>2011</td>
<td>$12,552</td>
</tr>
<tr>
<td>2012</td>
<td>$12,552</td>
</tr>
<tr>
<td>2013</td>
<td>$12,276</td>
</tr>
<tr>
<td>2014</td>
<td>$6,930</td>
</tr>
<tr>
<td></td>
<td>$66,542</td>
</tr>
</tbody>
</table>

### NOTE 15 - ASSOCIATION COMMITMENTS

Landscape and Rights-of-Way Maintenance Agreement - In August 1999, ValleyCrest Landscaping, Inc. entered into a five-year agreement with the Association to provide landscaping and mowing services. In conjunction with that agreement, the Association made available the north maintenance facility to ValleyCrest for the length of the contract. The contract was renewed in 2005 for a three-year term to coincide with the three year Assessment Plan of 2006-2008.

This contract was renewed in January 2009. The annual payments under this agreement are as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Annual Service Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$1,006,912</td>
</tr>
<tr>
<td>2011</td>
<td>$1,027,050</td>
</tr>
<tr>
<td></td>
<td>$2,033,962</td>
</tr>
</tbody>
</table>
A lawsuit has been filed against the Association alleging breach of contract, promissory estoppel, negligence, negligent misrepresentation, and breach of fiduciary duty relating to the storage of an airboat. The Association has answered, denying all claims and asserting affirmative defenses. The Association intends to defend these claims vigorously. A motion for summary judgment is pending judicial review.

A lawsuit was filed against the Association and the Company alleging wrongful death, survivorship pain and suffering, injuries and damage liability, negligence, premises liability, and nuisance. The Association has answered, denying all claims and asserting affirmative defenses. The Association intends to defend these claims vigorously. In November 2009, the Company was granted a motion for summary judgment and removed as a defendant in this case. Therefore, there are no pending lawsuits related to the Company.

NOTE 11 - LINES OF CREDIT
The Company has an unsecured $330,000 line of credit agreement with SunTrust Bank, bearing interest at 1.80% percent over the one-month LIBOR rate. At December 31, 2009 and 2008, no balance was outstanding under this agreement.

The Association has an unsecured $5,000,000 line of credit agreement with Wachovia Bank, bearing interest at 1.25% percent over the LIBOR rate. At December 31, 2009 and 2008, no balance was outstanding under this agreement.

NOTE 12 - RELATED PARTY TRANSACTIONS
The Association entered into a three-year contract with The Landings Club (“Club”), a separate membership entity that owns and operates the golf, tennis, swimming, and physical fitness facilities. Under terms of the agreement, the Association provides lagoon maintenance and security services. The services amounted to $185,709 and $189,544 in 2009 and 2008, respectively. In January 2009, the Association renewed the contract for an additional three years. The amounts due to the Association under the new contract are $192,580 in 2010, and $199,713 in 2011.

The Company paid fees for sales guests to use Club amenities, which totaled $34,239 and $50,404 for golf and related expenses during the years ended December 31, 2009 and 2008, respectively.

NOTE 13 - LONG-TERM DEBT
Association - Long-term debt consists of a variable rate promissory note in the original amount of $901,355 payable to SunTrust Bank. The note is payable in monthly installments of principal in the amount of $5,008 plus accrued interest at the three-month LIBOR rate plus 1.22%. A final payment of the unpaid principal balance plus accrued interest is due and payable on January 10, 2017. The note is collateralized by a negative covenant not to encumber the marina real estate and all monies, instruments, savings, checking, and other accounts that are in SunTrust Bank’s custody. As of December 31, 2009, the debt balance was $412,926, of which $60,091 was current.

In 2005, the Association obtained a $700,000 commercial loan with Wachovia Bank to finance the capital expenditures made in 2005, primarily for the Marina seawall replacement. This loan was a fixed-rate loan for 10 years. The loan was payable in monthly installments of principal and interest at the interest rate of 7.879 over a 10-year term, at an interest rate of 6.22% per annum. There was no penalty for prepayment on this loan. As of December 31, 2009, the loan balance was $0, as this was paid off on July 16, 2009.

Long-term debt consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association</td>
<td>$412,926</td>
</tr>
<tr>
<td>Less: current</td>
<td>(60,091)</td>
</tr>
<tr>
<td>portion of</td>
<td></td>
</tr>
<tr>
<td>long-term debt</td>
<td></td>
</tr>
<tr>
<td>$352,835</td>
<td></td>
</tr>
</tbody>
</table>

Financial Management

This function provided information to the staff, committees, and Board on financial policy, financial management, reporting, and other matters affecting the short- and long-term financial condition of the Association. The Department provided support to the General Manager in the development of the Long Range Financial Plan and annual operational and capital budgets, and made recommendations to the Board of Directors when appropriate. Investments of available funds were made in accordance with Board and Finance Committee policy, with most investments currently placed in Treasury Bills. The Department compiled historical data used to value the Association’s assets by conducting periodic appraisals, including a full appraisal by an external firm of major infrastructure assets. This was accomplished by understanding the value of the Association’s assets by conducting periodic appraisals, including a full appraisal by an external firm of major infrastructure assets. Under the areas of potential exposure; having general knowledge of the insurance market; and monitoring losses. Periodically, the Association sends requests for proposal to area insurance brokers to ensure the best services at reasonable costs are being provided for the Association.

Insuranc Risk Management

This program acquired insurance for those areas of operation and assets in which the Association’s risk control techniques do not adequately cover losses. The Board is not willing to assume. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of exposures, and contractual transfer. This was accomplished by understanding the value of the Association’s assets by conducting periodic appraisals, including a full appraisal by an external firm of major infrastructure assets. Understand the areas of potential exposure; having general knowledge of the insurance market; and monitoring losses. Periodically, the Association sends requests for proposal to area insurance brokers to ensure the best services at reasonable costs are being provided for the Association.

2010 EXPECTATIONS

Further automation with our accounting software, such as the ability to debit accounts in a more streamlined fashion, as well as a way to receive electronic checks online, will be researched and implemented where applicable. In addition, relationships with our current banks and insurance brokers will be researched with potential changes in providers. Further, investments will be analyzed for their safety, liquidity, and rates of return vs other options in the marketplace.

INSURANCE

Donald Campbell
Jack Coderre
Jack Sherrill
Jack Tesinsky

Staff Liaisons:
Karl Stephens
Shari Haldeman

EXPECTATIONS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable Checks Produced</td>
<td>5,212</td>
<td>4,700</td>
</tr>
<tr>
<td>Payment Checks/ACH/Cash Deposits Processed</td>
<td>10,570</td>
<td>8,895</td>
</tr>
<tr>
<td>Property Transfers Processed</td>
<td>116</td>
<td>168</td>
</tr>
</tbody>
</table>

STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable Checks Produced</td>
<td>5,212</td>
<td>4,700</td>
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<tr>
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<td>8,895</td>
</tr>
<tr>
<td>Property Transfers Processed</td>
<td>116</td>
<td>168</td>
</tr>
</tbody>
</table>
Human Resources / Organizational Effectiveness

2009 HIGHLIGHTS

Recruiting and Retention

Total turnover for 2009 was 20.4%, which is in line with 2008, with only 5% considered regrettable. During the year, The Landings Association hired 13 fulltime employees, with all beginning work in less than 60 days from the opening of the position. (Average time to fill was 27 days.) The number of hires was lower than we historically have achieved primarily due to two factors – the low number of employees leaving and a strong effort to evaluate every vacated position to determine if the work could be accomplished without hiring a replacement. Due to efficiencies, three positions that were vacated were not re-hired, saving the Association money. The time to fill for 2009 was a bit longer than we historically have experienced, primarily due to hiring to fill some more difficult positions including Chief of Security and Finance.

Organizational Individual Development

2009 was a year of renewed energy around getting our Vision and Values integrated into our daily business. An extended group of leaders from the organization reviewed a “report card” on tasks to be accomplished, then formed subteams to address six of those areas, such as orientation of new and existing employees and training.

Total Compensation Benefits

Total Compensation Benefits – Monitoring of our retirement and benefits plans continues to indicate that the Association is competitive within the Savannah market. Changes to our 401(k) plans made in 2008 were positively received, and current participation is at 88% of all eligible employees. The Association continues to refine our health and welfare benefit programs to ensure their competitiveness in the marketplace while controlling expenses. Medical expenses have been below the budgeted amount for the past four years. Due to high renewal rates from Blue Cross/Blue Shield, a decision was made to change providers to Aetna for 2010. This decision allowed the Association to keep the budget for 2010 below the level of the 2009 budget and only 10%.

During 2009, the Association experienced a net operating loss (NOL) of approximately $533,000 for income tax purposes. For federal purposes, approximately $474,000 of this NOL will be carried back to offset income which was taxable in 2004 through 2008, and a refund of approximately $149,250 is expected. The remaining federal NOL of approximately $59,000 will be carried forward.

For state income tax purposes, the entire NOL will be carried forward for up to 20 years to offset taxable income in future years. A corresponding deferred tax asset of $52,000 has been recorded related to the federal and state NOL carryforward amounts, and a valuation allowance has been established for the full amount. The entire $138,779 in income tax benefit for the year ended December 31, 2009 is current.

Company • The Company elected a C-Corporation status for income tax purposes. The provision for income taxes includes current federal and state income taxes and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting, and the amounts for income tax purposes. At December 31, 2009, the Company had current and long-term net deferred tax liabilities.

Significant components of the Company’s deferred tax balances as of December 31, 2009 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term deferred tax liability:</td>
<td></td>
</tr>
<tr>
<td>State NOL asset</td>
<td>$(24,700)</td>
</tr>
<tr>
<td>Depreciation difference</td>
<td>7,400</td>
</tr>
<tr>
<td></td>
<td>(17,300)</td>
</tr>
<tr>
<td>Less allowance for state NOL asset</td>
<td>24,700</td>
</tr>
<tr>
<td></td>
<td>7,400</td>
</tr>
<tr>
<td>Current deferred tax liability:</td>
<td></td>
</tr>
<tr>
<td>Depreciation difference</td>
<td>4,400</td>
</tr>
</tbody>
</table>

The Company’s income tax benefit shown on the statement of income consists of the following components:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax benefit</td>
<td>132,722</td>
</tr>
<tr>
<td>Deferred tax expense</td>
<td>(14,000)</td>
</tr>
<tr>
<td></td>
<td>118,722</td>
</tr>
</tbody>
</table>

During 2009, the Company experienced a NOL of approximately $420,000 for federal income tax purposes. This NOL will be carried back to offset income which was taxable in 2005 and 2006. A refund of approximately $142,700 is expected to result from this NOL carryback for federal purposes.

For state income tax purposes, a NOL of approximately $425,000 will be carried forward for up to 20 years to offset taxable income in future years. A corresponding deferred tax asset of $24,700 has been recorded, and a valuation allowance has been established for the full amount.

Note 10 - Legal Matters

The prospect that the following claims will result in an outcome unfavorable to the Association is neither probable nor remote. Management believes that the resolution of these matters will not have an adverse impact on the financial statements. No provisions for these matters have been made in the accompanying financial statements.
**Notes to Financial Statements**

**Note 7 - Interfund Borrowing**
In 2002, $500,000 was borrowed from the Reserve Fund to pay off a portion of the former Yacht Club’s debt. This money was used with the understanding that it would be paid back into the fund over a 15-year period with interest. As of December 31, 2009, $138,360 is owed to the Reserve Fund.

In 2005, the Marinas borrowed a total of $1,377,000 from the Operating Fund, primarily to finance the seawall replacement at Landings Harbor. Of this, the Association provided $700,000 with a loan from Wachovia Bank, and the remaining portion from the Operating Fund. The Marinas are paying back this amount over 10 years, with interest. As of December 31, 2009, a total of $915,200 remains to be repaid by the Marinas to the Operating Fund. In 2009, the Association paid off the Wachovia Bank loan and, therefore, as of December 31, 2009, the Operating Fund owes the Reserve Fund $271,454 as part of this loan payoff.

In 2009, the Marinas borrowed $298,000 from the Reserve Fund to pay for the purchase of a dredge used at Landings Harbor. The balance on this 8-year loan was $270,749 as of December 31, 2009.

**Note 8 - Pension Plan**
In July 1998, the Association and the Company established 401(k) retirement plans. Employees were eligible to participate in each plan upon reaching the age of 18 years and completing six months of service. Effective January 1, 2007, the Association eliminated the length of service requirement. Employees are enrolled automatically upon employment. Employees may contribute annually up to the lesser of 20% of their salaries or $16,500 and $15,500 during 2009 and 2008, respectively. In 2008, the Association’s plan provided for an employer match of 75% on the first 5% of the salary deferred by an employee. The plan was amended for the 2009 plan year to provide for an employer match of 100% of the first 4% of the salary deferred by an employee.

The Company’s plan provides for an employer match of 50% on the first 4% of the salary deferred by an employee. Effective January 1, 2009, the length of service requirement for the Company’s plan was extended to one year. For the years ended December 31, 2009 and 2008, the Association’s contributions amounted to $238,123 and $192,893, respectively, into the 401(k) plan. Expenses for the Company amounted to $7,904 and $11,585 for the years ended December 31, 2009 and 2008, respectively.

**Note 9 - Income Taxes**
The Association’s and the Company’s income taxes are determined under the asset and liability approach described in the Income Tax topic of FASB ASC. The Association and the Company adopted Financial Accounting Standards Interpretation No. 48, Accounting for Uncertainty in Income Taxes, as of January 1, 2009. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The adoption had no affect on the accompanying financial statements.

The Association and the Company are subject to U.S. federal income tax as well as income tax of the state of Georgia. The Association and the Company are no longer subject to examination by taxing authorities for years before 2006. The Association and the Company do not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Association and the Company would recognize interest and/or penalties related to income tax matters in income tax expense, but no such amounts were deemed necessary during the years ended December 31, 2009 and 2008.

**Association** - The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the years ended December 31, 2009 and 2008. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership, non-membership, and capital transactions. For federal tax purposes, the Association is taxed on all net income from non-membership activities, reduced only by losses from non-membership activities. Non-membership income may not be offset by membership losses, and any excess membership deductions may be carried forward only to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. The Association files Form 1120, which has graduated rates of 15% to 39% that are applied to net taxable income.

**Workplace Culture**
Landings Association employees continued to focus on operational improvements during 2009, and many departments reorganized in order to improve efficiency and reduce costs. Process improvements have been made within every department in the Association. We continue to have cross business employee teams develop and implement programs related to wellness, safety, and employee involvement.

**2010 EXPECTATIONS**

**Recruiting and Retention**
Our focus in 2010 will be on improving our orientation process. We will continue to focus on evaluating any opening to determine if it needs to be refilled.

**Organizational/Individual Development**
Renewed emphasis will be placed on supervisor and employee training and development during 2010. The leadership team will focus as facilitators for a “book of the quarter” training program for all employees, with each of the books/articles being centered on our Vision and Values.

**Workplace Culture**
We will continue to focus on driving a culture of high performance, performance measurement, and customer satisfaction. We will also continue the use of employee teams to drive operational initiatives to maintain a workplace that is safe, productive, compliant, and aligns with the Vision and Values of the Association.

**Total Compensation Benefits**
We will continue to explore potential enhancements to our compensation, benefits, and retirement plans to ensure that they are competitive and support recruiting, retention, and a culture of accountability.

**Statistical Summary**

<table>
<thead>
<tr>
<th>Statistic</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Landings Association Employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees Hired</td>
<td>73</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>18</td>
</tr>
</tbody>
</table>
Marinas

Mission Statement

The mission of the Marinas Department is to provide and promote boating and waterfront activities within The Landings by operating and maintaining two marinas: Landings Harbor and Delegal Creek. In addition to permanent wet and dry boat storage, the department provides services through a sailing program, retail store operations, hospitality at the Captains’ Lounge/Tiki Bar, transient boat services, and marine repair services provided through Phil Dolan Yacht Services, Inc. The Marinas support their operations and capital expenses through the collection of user fees and the sales of goods and services.

2009 HIGHLIGHTS

Facility Upgrades

The Landings Association and Marinas’ staff kept the focus on continued improvements for the marinas. In keeping with this focus, the following improvements were made:

Delegal Creek Marina

The Delegal Creek Marina pier, offices, and observation tower were completely deconstructed by Association Public Works staff in 2009. The completion of this work prepared the site for the reconstruction project, which was set to be completed by the end of April 2010.

Landings Harbor Marina

At Landings Harbor Marina, several improvements were made in 2009, ranging greatly in scale. In the restrooms, new energy-efficient lighting and toilets were installed to increase the operating efficiency and align with the Association’s plan of minimizing our environmental footprint. Landings Harbor also had new Jet Ski racks constructed to accommodate the increasing number of request for Jet Ski storage during the peak boating season. On a larger scale, the Landings Harbor fishing pier and fish cleaning station were completely replaced in 2009. In April 2009, the Landings Harbor basin dredging project also was completed successfully.

Marine Repair Service

The Marine Repair Service Center currently is operating through Phil Dolan Yacht Services, Inc. PDYS continues to be an asset to The Landings’ Marinas by offering a wide variety of services to the boating community. The Landings Association markets the services provided through publications such as The Landings Journal, and through the Marinas’ monthly newsletter, The Anchor.

Sailing Program

The primary goal of the Sailing Program is to allow residents to learn to sail in a supportive environment and to sail without having to own a sailboat. The department focuses on maximizing the program as a way to attract people to the Marinas. The Marinas own eight boats for this purpose and charge participants a monthly usage fee. Weekend races promote camaraderie among participants. The department investigates partnering with local yacht and sailing clubs to get participants involved in cruising and racing on larger boats.

2008

Committees:

MARINAS

Marty Vernick, Chair
David Angell
Cam Harvey
Dan Huffer
John Platte
Al Townsend

Board Liaison: Jim McInerney
Staff Liaison: Bryan Deal

BRYAN DEAL
Marinas Business Manager

Note 5 - Assessments Receivable

The Association’s policy is to place liens on the properties of owners whose assessments are two months in arrears. Past due assessments of approximately $95,000 were written off at the end of 2009 per board approval. All of the past due owners, for 2008 and 2009, have been suspended and sent to the Association’s attorney to proceed with legal action.

Note 6 - Reserve Funds

Annexation Fund - An annexation fee is paid to the Association as lots initially are sold in Moon River Landing. An Annexation Fund has been established for collection of these fees. The Association’s Board of Directors has sole approval authority to determine how such funds are expended. As of December 31, 2009 and 2008, the Association expected to receive additional annexation fees from Moon River Landing of $319,012. Any outstanding balance will be due in 2010. Initially, the annexation fees collected were used to offset the costs associated with the annexation.

Future Major Repairs and Replacements - The Association’s governing documents authorize the levy of annual assessments, which provide for the repair and maintenance of drainage facilities, selected assets, marina facilities, and road and trail resurfacing.

It is the practice of the Association to include normal, recurring repair and maintenance of common properties in annual operating budgets. The Association also sets aside in separate repair and replacement capital reserve funds those amounts estimated to be required to meet future major repair and replacement costs of certain components of common properties. Actual expenditures may vary from the estimated future expenditures, and variations may be material. If additional funds are needed, the Association has the authority, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Capital Reserve Funds - Storm Drain and Flood Water Control and Selected Assets Components - In 2005 and 2006, the Association conducted a study to determine the physical and operating conditions of, and estimated future costs of major repair and replacements for, such items as the drainage system, nine bridges, the observation tower, roofs, and the administration and marina facilities. The study estimated that the components in the drainage system have useful lives that range from 20 to 80 years, cart bridges 30 years, road bridges from 50 to 80 years, and the administration and marina facilities from 7 to 50 years.

Equipment Components - Major capital equipment is defined as those items costing $40,000 or more. Major capital equipment includes a telecommunications system, video monitoring system, vacuum jettier truck, backhoe, front-end loader, street sweepers, automatic gates at entrances, and forklifts. The study estimated major equipment components have useful lives that range from 6 to 15 years.

Road and Trail Resurfacing Components - In 2001, the Association conducted a study to determine the physical and operational conditions of, and estimated future costs of major repair and replacements for, the road and trail systems. The study estimated that the roads have useful lives of 15 to 25 years, and the trails from 10 to 20 years, depending on the type of road barrier used. In 2008, a separate Road and Cart Path Reserve Fund was created. An initial reserve allocation was transferred from the Capital Reserve Fund which uses the component method to calculate the annual reserve allocation, where each component is identified separately. However, in the Road and Cart Path Reserve Fund, assets are grouped by their useful lives, and an annualized portion of each grouping is allocated into the reserve. For example, roads with a useful life of 20 years are grouped together, and 1/20th of this asset group cost is the reserve allocation for the year. The Road and Cart Path Reserve Fund allocation is calculated annually, based on actual values.

Reserve assessments collected in the Capital Reserve Funds amounted to $1,349,460 in 2009 and $1,860,305 in 2008. During the years ended December 31, 2009 and 2008, the amount expended from the funds amounted to $977,084 and $435,687.
Notes to Financial Statements

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs - The Company expensed the majority of advertising and other marketing costs when related invoices are received.

Reclassifications - Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 3 - CONCENTRATION OF CREDIT RISK
The Association and the Company maintain their cash balances at regional banks located in Savannah, Georgia. The Federal Deposit Insurance Corporation (FDIC) insures these deposits up to $250,000 per bank. The financial institutions holding the Association’s accounts participated in the FDIC’s Transaction Account Guarantee Program, which insured 100% of all non-interest earning accounts as of December 31, 2009. Thus, no cash balances will the Association or Company were uninsured at December 31, 2009.

NOTE 4 - ASSOCIATION INVESTMENTS
Investment securities are those investments that the Association acquires with the intent and the ability to hold to maturity. Securities chosen for investment are selected to preserve capital and protect investment principal, to maintain sufficient liquidity to meet anticipated needs, and to attain a market rate of return consistent with the preservation of capital.

The short-term investments at December 31, 2009 are United States Treasury Bills, which are stated at cost plus accrued interest receivable, which approximates market.

On December 31, 2009, the Association adopted the Fair Values Measurements and Disclosures topic of FASB ASC. This topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or for financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and observable.

The following table sets forth by level, within fair value hierarchy, the investment assets at fair value as of December 31, 2009. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

<table>
<thead>
<tr>
<th>Level</th>
<th>Certificates of deposit</th>
<th>Mutual funds</th>
<th>Total investment assets at fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>$118,000</td>
<td>$3,799,956</td>
<td>$3,917,956</td>
</tr>
<tr>
<td>Level 2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Captains’ Lounge/Tiki Bar
The Captains’ Lounge/Tiki Bar operation had a challenging year in 2009 due to some very cooperative weather. Despite facing adversity such as inclement weather and moving the venue of the cookout events from Delegal to Landings Harbor, the cookout events continued to be a popular attraction for Landings residents. The Lounge, operating through the portable Tiki Bar, continued to offer live entertainment and food through vendors such as Barnes and Sandfly BBQ.

Operation/Facility Improvements
The Landings Harbor operations will experience several positive changes in 2010. The Marinas will be purchasing a new portable pump-out station. This new pump-out will offer The Landings’ boaters a reliable service and also add to the list of services we can offer and charge for our transient guests.

Boat Storage
The primary focus for 2010 will be to increase the boat storage occupancy rates. In 2009, many boaters removed their vessels from storage or used the marinas only on a seasonal basis. The goal of 2010 is to explore all options that may encourage boaters to store their vessels at The Landings’ Marinas.
Public Safety

Mission Statement

The mission of the Public Safety Department is to promote a secure lifestyle through community service in three major operational areas: Access Control, Emergency Service Assistance, and Property Checks. The Department's goals are to ensure the safety and security of the residents, their guests and employees; maintain the privacy of the community; and deter illegal activity. The Chief of Security is responsible for emergency planning, law enforcement liaison, and general security operations. The Department is organized similar to a police department, with three shift supervisors and three assistants (one for each shift). The supervisors report to the Chief of Security, who in turn reports to the General Manager.

2009 HIGHLIGHTS

Succession Planning

In 2009, The Landings Association put into place its succession plan for the Chief of Security position. As part of this plan, a temporary Assistant Chief position was created to provide a smooth transition. During the year, the Assistant Chief assumed the Chief position, with longtime Chief Charles Scobee continuing to work in a consulting role, until his retirement at the beginning of 2010.

Access Control

The first priority operational area of the Public Safety Department is Access Control. A variety of automated and manual systems are used to process vehicle entries using any of our seven gates. A one-day high of 9,836 vehicles used the automated vehicle entry system in 2009. The Main Gatehouse is the 24/7 hub of our automated systems, including our video camera surveillance. It also is our dispatch center for all calls. The Marshwood Gatehouse is staffed 12 hours daily, Monday through Saturday, while the Oakridge, Deer Creek, McWhorter, Marshview, and Moon River gates are fully automated. In 2009, a total of 85,594 guest passes were processed for residents.

Emergency Service Assistance

The second priority operational area of the Department is Emergency Service Assistance. Vehicle patrols respond to EMS calls and fire and burglary alarms, and provide escort for police, fire, and medical units during emergency situations. In 2009, patrols responded to 439 EMS calls, 82 fire alarms, and 152 burglary alarms.

Patrol and Property Check

The third priority operational area of the Department is non-emergency routine patrols and property checks. Routine vehicle patrols serve as a deterrent to illegal activity and help monitor traffic flow. The patrol officers also conduct checks of common property facilities and amenities on a regular basis. This work is performed by the same staff that responds to emergency situations. In 2009, our patrols discovered 624 insecure properties.

Gatehouse Renovations

The Main Gatehouse underwent an interior upgrade to accommodate more video displays and to provide improved workflow. The exterior received new windows and roofing.

Notes to Financial Statements

<table>
<thead>
<tr>
<th>Item</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise</td>
<td>$12,843</td>
<td>$11,395</td>
</tr>
<tr>
<td>Gasoline and diesel fuel</td>
<td>24,848</td>
<td>37,092</td>
</tr>
<tr>
<td>Beverages</td>
<td>4,131</td>
<td>4,350</td>
</tr>
<tr>
<td></td>
<td>$41,822</td>
<td>$52,837</td>
</tr>
</tbody>
</table>

Recognition of Assets and Depreciation Policy - The Association owns significant amounts of real property and improvements as follows:

- Common property, in acres: 690
- Center islands/medians: 313
- Roadways, in miles: 91
- Trails, in miles paved: 22
- Lagoons: 151
- Gated communities and entrances: 7
- Bridges: 9

These properties were, and will be, periodically conveyed to the Association under agreements with developers. The common properties are real property directly associated with the individual ownership of member properties and are dedicated for the use of the entire community. They cannot be sold separately and, thus, have no fair market value other than that related to their intended use. The value of such assets is not recognized in the financial statements of the Association. The Articles of Incorporation and General Declaration of Covenants and Restrictions permit the Association to participate in mergers and consolidations with other non-profit corporations organized for the same purposes; mortgage the properties; and dedicate or transfer any part of the common properties to any public agency, authority, or utility. Upon dissolution of the Association, the assets, both real and personal, would be dedicated to an appropriate public agency or activity. All such actions require approval of two-thirds of the membership.

The Association capitalizes assets acquired with Association funds. Assets donated by members are recorded at fair market value. Property, plant, and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method at rates that are sufficient to amortize the cost of the assets over their estimated useful lives. For the years ended December 31, 2009 and 2008, the combined amounts expensed by the Association for depreciation were $595,347 and $575,131, respectively. For the years ended December 31, 2009 and 2008, amounts expensed by the Company for depreciation were $40,927 and $50,565 respectively.

Property, Plant, and Equipment consists of the following at December 31, 2009:

<table>
<thead>
<tr>
<th>Item</th>
<th>Association</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>$963,520</td>
<td>$724,576</td>
</tr>
<tr>
<td>Buildings &amp; docks</td>
<td>4,098,907</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>2,595,450</td>
<td>166,196</td>
</tr>
<tr>
<td>Furniture &amp; computers</td>
<td>549,029</td>
<td>240,906</td>
</tr>
<tr>
<td>Vehicles</td>
<td>881,996</td>
<td></td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>212,915</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$9,301,507</td>
<td>1,131,678</td>
</tr>
<tr>
<td>Less accumulated</td>
<td>(4,936,089)</td>
<td>(622,026)</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,364,518</td>
<td>509,652</td>
</tr>
<tr>
<td>Land</td>
<td>-</td>
<td>75,000</td>
</tr>
<tr>
<td></td>
<td>$4,364,518</td>
<td>$584,652</td>
</tr>
</tbody>
</table>
Notes to Financial Statements

NOTE 1 - ORGANIZATION
The Landings Association, Inc. ("Association") is a homeowners’ association, organized as a not-for-profit corpora-
tion in the State of Georgia. Its members are property owners of The Landings on Skidaway Island, a private residential
community comprised of 4,596 acres and 4,422 lots, located in Chatham County, Georgia. The Association owns,
operates, and maintains the common properties, facilities, and the marinas, and it provides security services in the form
of access control within the community.

The Association is the sole shareholder of The Landings Company ("Company"). The Company is responsible for the
marketing and real estate operations previously provided by the property developer, The Branigar Organization. In acc-
cordance with the bylaws of the Company, the transfer of Company stock is restricted solely to the Association, which
is to remain the sole shareholder. The majority of the Company’s expenditures relate to promoting The Landings’ real
estate properties on a national basis, sales of homes and lots, and rentals of owners’ homes.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES
Method of Consolidation - The accompanying consolidating financial statements include the accounts of the Asso-
ciation and the Company. Intercompany transactions and balances have been eliminated in consolidation. The Assoca-
tion provides access control and visitor/guest services to the Company. This is the only intercompany transaction.

Accounting Method - Both the Association’s and the Company’s financial statements have been prepared using the
 accrual basis of accounting. Accordingly, revenues are recognized when earned, rather than when received, and ex-
 penses are recognized when incurred, rather than when paid. Further, the Association uses fund accounting, which re-
 quires that funds designated for specific future significant repairs and replacements (the Capital Reserve Fund and the
 Road/Cart Path Reserve Fund) and the funds received for designated purposes other than general operations (such as the
 Annexation Fund) be classified separately for accounting and financial reporting purposes. Events subsequent to
 December 31, 2009 which may have an impact on these financial statements have been considered through February

Cash & Cash Equivalents - Cash equivalents represent highly-liquid investments with maturities of three months or
less at the date of purchase.

Segregated Cash Within the Operating Fund - In accordance with the Architectural Guidelines and Review Pro-
cedures, the Association holds monies in escrow for owners and builders during the construction phase of new houses
and major renovations.

Segregated Cash Within the Landings Company - The Company has escrow accounts established to hold the
monies received as down payments on sales contracts and security deposits of members’ houses rented through the
Company. Effective June 30, 2000, transfer fees collected were recorded as deferred revenue and maintained in a re-
stricted cash account. In December 2003, a court order released from restriction all of this deferred revenue. During
2009, the final $50,000 in transfer fee deferred revenue was recognized as income, and the related cash was released
from restriction.

Assessments - Members’ assessments for the Association for operating purposes are required to be approved by a vote
of the members no more frequently than every three years. The assessment rate for each lot in 2009 was $1,400, and in
2008 was $1,300, which includes general purpose and reserve assessments. Disbursements from the Operating Fund
generally are at the discretion of the General Manager within the Board-approved budget. Disbursements from the
reserve funds may be made only for their designated purposes.

Marina Revenue - The Marina operates through an enterprise fund where revenues from fees for goods and services
support the operations. The primary revenue sources supporting Marina operations are the following: membership
dues; boat rack storage; wet slip rental; merchandise sales; and gasoline and diesel sales. Member dues and rack and
slip rentals are billed prior to the actual provision of the services, and are recognized as income when earned.

Inventories - Merchandise and beverage inventories are recorded at the lower of cost or market value using the last-
in, first-out method. Gasoline and diesel fuel inventories are recorded based on a moving, weighted-average cost per
gallon for the sales period. Inventories for the Association’s Marina operations include:

Table: Video Monitoring Extension

<table>
<thead>
<tr>
<th>Year</th>
<th>High Day's Barcode Entries</th>
<th>EMS Support Runs</th>
<th>Guest Pass Requests Processed</th>
<th>Incident Reports Filed</th>
<th>Active Barcodes</th>
<th>Insecure Property Reports</th>
<th>Assistance Requests</th>
<th>Alarm Responses (fire/burglar)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>9,836</td>
<td>439</td>
<td>85,394</td>
<td>4,058</td>
<td>21,095</td>
<td>624</td>
<td>456</td>
<td>234</td>
</tr>
<tr>
<td>2009</td>
<td>9,863</td>
<td></td>
<td>93,632</td>
<td>4,299</td>
<td>22,000</td>
<td>793</td>
<td>373</td>
<td>246</td>
</tr>
</tbody>
</table>

Video Monitoring Extension

2010 EXPECTATIONS
Mobile Workforce Management

This project will enable live computer location tracking of security vehicles. This will improve efficiency in dispatching
and routing of security assets. Additionally, it will store 90 days of tracking history to analyze patrol efficiency and aid in the
investigation of accidents or complaints made against staff.

Video Monitoring Extension

This is a carryover project from 2009 to extend video coverage to the north RV Storage Facility and Recycling Center. Originally, the
project called for four standard security cameras. These will be replaced with one 360-degree view megapixel camera. These cam-
eras are the latest in security surveillance technology. They provide a much more detailed image and wider field of view
than our current cameras.

Security Officer Training

A computer-based security officer training program was established in 2007 to improve overall professionalism of the staff. This
program will be reinstated in 2010. In addition, the Chief of Security will complete the board certification in security manage-
ment through the American Society of Industrial Security (ASIS). This self-study certification culminates with a
300-question exam and is widely recognized in the security field.

♦ STATISTICS

Installation of a Voice Recording System

This system has the capability of recording all phone lines, the radio, and the call-
box phone at the Main Gate. It will store up to three years of voice recordings before any additional storage drives are
needed.

<table>
<thead>
<tr>
<th>Year</th>
<th>Guest Pass Requests Processed</th>
<th>Incident Reports Filed</th>
<th>Active Barcodes</th>
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<td>4,299</td>
<td>22,000</td>
<td>793</td>
<td>373</td>
<td>246</td>
</tr>
</tbody>
</table>

High Day’s Barcode Entries

9,836
9,863
Public Works

Mission Statement

The mission of the Public Works Department is to promote The Landings as a well-maintained community which operates at a good value for its customers by maintaining, repairing, and improving all infrastructure, equipment, and grounds owned and operated by The Landings Association. The Department consists of the following five program areas: Contract Administration, Facilities, Construction, Environment- tal, and Fleet. Each program area fulfills a specific role to support the strategic objectives of the Department to ensure the Association’s services and facilities promote an aesthetically pleasing, secure lifestyle for residents.

2009 HIGHLIGHTS

Cart Path/Trail Resurfacing

In 2009, staff and the Public Works Committee evaluated all cart paths/trails for replacement and recommended an appropriate paving program required to improve and protect our existing path system. During the 2009 cart path review, asphalt and concrete were reviewed to determine which material would be most viable for the community. In 2008, two asphalt paths were replaced with rebar-reinforced, colored concrete as a test option for longevity and aesthetic evaluations. Feedback received regarding these paths has been positive. Concrete paths installed in 2007 by The Landings Club also were examined and found to be in excellent condition, with no evidence of root intrusion. After careful consideration by staff and the Public Works Committee, it was decided that concrete would best serve the community as its preferred cart path surface. The program replaced a total of 13,883 LF of paths in 2009. As a result of bulk purchasing and utilization of TLC’s contractor mobilized for the Deer Creek course renovation, the unit cost for 2009 was reduced from $31.19/LF to $22.75/LF.

Road Paving Program

The annual road inspections were completed for the 2009 paving program. This program mills 1-1.5 inches of asphalt from our existing street surface, repairs failures where necessary, and provides a new driving surface. In 2009, the program replaced 49,266 SY of road surface. With bulk purchasing and the reduction in the prices for petroleum-based products, the unit cost for 2009 was reduced from $13.28/SY to $10.21/SY. In 2009, an aggressive road patching program was created for various road and curb repairs throughout the community. In 2009, the program patched 1,345 SY of road surface.

Road Striping Program

The Landings Association re-stripes roads bi-annually to replenish faded or worn pavement striping, stop bars, and crosswalks. In 2009, all primary and secondary roads within the community were painted.

Sign Painting Initiative

The Association continues work to refurbish and repaint 1/3 of the community’s signs and mailboxes annually, in an effort to keep our signage consistent and beautiful. This work is completed by...
Consolidating Statements of Revenues and Expenses and Changes in Members’ Equity

<table>
<thead>
<tr>
<th>Year ended,</th>
<th>Year ended Dec. 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in TLA)</td>
<td>(in TLA)</td>
</tr>
<tr>
<td>Operating</td>
<td>Total</td>
</tr>
<tr>
<td>$4,850,730</td>
<td>$6,715,675</td>
</tr>
<tr>
<td>$1,969,166</td>
<td>$2,785,399</td>
</tr>
<tr>
<td>$654,072</td>
<td>$901,967</td>
</tr>
<tr>
<td>$22,575</td>
<td>$31,144</td>
</tr>
<tr>
<td>$6,444,330</td>
<td>$9,160,699</td>
</tr>
<tr>
<td>$7,443,714</td>
<td>$9,170,403</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended,</th>
<th>Year ended Dec. 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in TLA)</td>
<td>(in TLA)</td>
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<td>$9,160,699</td>
</tr>
<tr>
<td>$7,443,714</td>
<td>$9,170,403</td>
</tr>
</tbody>
</table>

Consolidating Statements of Revenues and Expenses and Changes in Members’ Equity

in-house staff and through contracted means. In 2009, 1,464 units were painted, and mailboxes requiring repair were refurbished as necessary.

No Trespassing Signs

The Association owns 12 miles of fence bordering Landings property. Installation of No Trespassing signs every 60 feet along the fence line began in the fall and was scheduled to be completed in February 2010.

Gatehouse Roofing

In 2009, four gatehouse roofs were replaced with copper metal roofing to provide an improved, longer lasting, aesthetically pleasing roof surface. This work was completed on the Main Gate, Deer Creek, Marshwood, and Oakridge Gatehouses.

Marshwood Automatic Gate Replacement and Guest Lane Barrier Arm

The Marshwood Automatic Gate was replaced due to its age, and a barrier arm was installed on the visitor’s lane. This barrier arm is similar to the one at the Main Gate and will assist the Association’s Security officers in regulating visitor and contractor entry.

Main Gate Renovation

In 2009, the Main Gate Renovation was completed. This work included the replacement of the windows and doors with energy efficient alternatives and re-siding of the exterior to horizontal, hardi-plank siding to improve aesthetics and consistency.

Emergency Services Entrance System

Emergency access requirements for gated communities in Unincorporated Chatham County adopted in 2007 require that all vehicle access gates or barriers be electrically operated for entry and exit by an approved method. In 2009, key box switches and radio-operated controllers were installed at all gates to allow emergency personnel to open the gate with their radio transceiver.

Marsh Tower Renovation

The Marsh Tower, located on the northeast end of the island off of Marsh Tower Lane, was renovated to extend the life of the structure 15 years to postpone a full replacement. Renovation of the Marsh Tower included the refurbishment and/or replacement of all materials in disrepair and the installation of a new roof with treated wood and shingles. The renovation began in December and was completed in January 2010.

Lagoon Dredging

In 2009, lagoon #6, located off of Landings Way North, was dredged due to sediment buildup in this lagoon. While this work typically is conducted through contracted means, this lagoon was used as a pilot program for utilizing the newly purchased dredge unit for Landings Harbor. This method was successful and will be used in the future, in conjunction with contracted means, in lagoons otherwise difficult for the contractor to mobilize their equipment.

Landscape Contract Agreement

In 2009, staff contracted for the Association’s landscape services for 2009-2011. The landscape contract includes annual over-seeding, bed edging, maintenance for understory plantings, weed control, plant installation, mowing and trimming cycles, and irrigation on Association property. The new contract includes additional services from the previous contract such as the annual over-seeding and bed edging for all secondary center islands.

Continued on Page 20
Additionally, The Landings Company and The Settlement Homeowner’s Association have consolidated their landscape services within the Association’s contract, at their expense, providing consistency within the community.

Landings Harbor Projects

Several projects were completed at Landings Harbor in 2009. Dredging of the basin was completed successfully using the newly purchased dredge and booster pump. The new unit increased dredging volume significantly and allowed dredging during most tidal situations. Additionally, the fishing pier was re-decked and the fish cleaning station replaced.

Delegal Marina Projects

In 2009, Thomas and Hutton Engineering recommended the closure of the Delegal tower and walkway as a result of significant horizontal movement. To reduce the price for replacement, staff removed the entire structure down to the existing pile caps. Replacement of the structure began in late 2009 and is scheduled to be completed in May 2010.

2010 EXPECTATIONS

Sign Painting Initiative

The Association continues work to refurbish and repaint 1/3 of the community’s signs and mailboxes annually in an effort to keep our community consistent and beautiful. Mailboxes requiring repair will be refurbished as necessary. This work will be conducted in Phase II through in-house staff and contracted means.

Cart Path/Trail Resurfacing

Upon completion of the 2010 cart path/trail evaluations/inspections, the Public Works Committee and staff will select those paths that are most deteriorated and which meet Association standards for replacement. The program’s goal will be to minimize any ride-altering root intrusions and to minimize the negative aesthetic impact of root intrusions on the path.

Lagoon Structure Replacement

A large majority of lagoon structures within our community are rapidly approaching or have reached their asset life, requiring extensive maintenance for continued long-term service. As a result of our annual inspections, it was determined that lagoon structures number 1, 2, and 115 are in need of replacement and/or refurbishment. This work will be conducted through contracted means in conjunction with in-house staff.

Road Paving Program

In 2010, the Association does not plan to conduct a large resurfacing project. Instead, staff will focus heavily on spot repairs, patching sink holes and failures in order to extend the life of this asset. In 2011, the Association will conduct a large-scale paving project in an attempt to further reduce unit cost.

Deer Creek and Deer Creek North Automatic Gates

The automatic gate entry systems at the Deer Creek and Deer Creek North entrances are the oldest and are not uniform with the other gates. This project will replace both automatic gate entry systems, which will provide a uniform operating system for all gates.

Irrigation Replacement

In 2010, two irrigation systems will have reached the end of their useful lives and will need to be replaced. The irrigation systems to be replaced are located at the

Consolidating Balance Sheets

<table>
<thead>
<tr>
<th>CONSOLIDATING BALANCE SHEETS</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSOLIDATING BALANCE SHEETS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To The Board of Directors and Members
The Landings Association, Inc.
600 Landings Way South
Savannah, Georgia 31411

Certified Public Accountants

HOLLA ND, HENRY & BROMLEY, LLP

J. Richard Henry, CPA
Christopher H. Holland, CPA, CFP®
S. Stewart Bromley, CPA, CFP®
Ronnie A. Barnhill Jr., CPA
Shannon L. Britt, CPA, CFP,

To The Board of Directors and Members
The Landings Association, Inc. 600 Landings Way South Savannah, Georgia 31411

We have audited the accompanying consolidating balance sheets of The Landings Association, Inc. and its subsidiary, The Landings Company, as of December 31, 2009, and the related consolidating statements of revenues and expenses and changes in members’ equity and consolidating statements of cash flows for the year then ended. These financial statements are the responsibility of the Association’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The prior year summarized comparative information has been derived from the Association’s December 31, 2008 financial statements and, in our report dated February 4, 2009, we expressed an unqualified opinion on those financial statements.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the individual and consolidated financial positions of The Landings Association, Inc. and subsidiary as of December 31, 2009, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 43-46 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplementary information of future major repairs and replacements on pages 40-41 is not a required part of the basic financial statements of The Landings Association, Inc. but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Holland, Henry & Bromley, LLP
February 3, 2010

Marshwood Gate and Tidewater Square will include new mainlines, lateral lines, valves, and wiring, and sprinkler heads and a new shallow well at Tidewater Square.

Delegal Bridge Re-decking
In 2010, one recreational bridge is scheduled for re-decking. This bridge is located off of Islanders’ Retreat and crosses the marsh to the Deer Creek Club.

Administration Building Roof
The roof on the Administration building is beyond its useful life and has experienced multiple leaks in the last year, requiring replacement in 2010.

Emergency Generators
The Marshview and Deer Creek North gates currently do not have emergency generators. In 2010, emergency generators will be installed at both gates to allow functionality during power outages.

Delegal Parking Lot Street Lights
The street lights located at the Delegal parking lot are scheduled for replacement in 2010, as they are falling and beyond repair.

Delegal Structure
Replacement of the Delegal Structure began in late 2009 and is scheduled to be completed by the end of April 2010. This project includes concrete piles and caps supporting the building structures that will maintain the identical silhouette of the previous facility.

Delegal Electrical Panels
The electrical panels located at the Delegal Marina are failing and are in need of replacement. This work will be conducted in conjunction with the electrical work associated with the Delegal Structure replacement project.

Landings Harbor Forklift and Bulkhead Extension
The north boat elevator at Landings Harbor, which raises boats from the water to the mobile fork lift, has reached its asset life and is beyond repair. In lieu of the elevator, a negative fork lift will be purchased in 2010. The elevator will be removed, and the tarmac bulkhead will be extended. This will allow sufficient space for the fork lift to lower boats into the water. Utilizing a combination of one boat elevator, one positive fork lift, and one negative fork lift is consistent with other local marinas.

+ STATISTICS

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association Facilities Maintained</td>
<td>14</td>
</tr>
<tr>
<td>Vehicles Maintained</td>
<td>21</td>
</tr>
<tr>
<td>Mailboxes &amp; Signs Painted</td>
<td>1.46</td>
</tr>
<tr>
<td>Miles of Cart Paths/Trails Repaved</td>
<td>2.6</td>
</tr>
<tr>
<td>Miles of Road Repaved</td>
<td>3.8</td>
</tr>
<tr>
<td>Acres of Common Property Maintained</td>
<td>690</td>
</tr>
</tbody>
</table>
Year-end Analysis - continued from page 4

requires regular and continuous data collection and reporting on important aspects of our service and program activities. The performance data enables staff to measure the outcome or efficacy of service delivery efforts and determine where improvement is needed.

Using the early warning systems noted above, the Association undertook key actions during 2009 to reduce spending to match lower revenues, while continuing to provide services at levels established in the 2009-2011 Assessment Plan.

• The Community, Development Department was reorganized in early 2009 to align with the reality of reduced construction activity. Fewer permits and inspections required less staff. Therefore, one inspector position was eliminated, and the Architectural Administrator assumed the plan review and inspection functions.

• The Community Relations Department staffing was reduced by two positions, adjusting to the decrease in activity associated with commercial barcodes and daily passes.

• The IT Coordinator position was replaced with an outsourced IT provider at a savings of $20,000 and increased service levels, system reliability, and security.

• The $700,000 bank loan for the Landings Harbor seawall was paid off early to reduce interest on this 6.22% loan rate. TLA Operating and Reserve Funds (earning approximately 0.15% interest) were used to pay off the loan, saving a total of $102,000 in external interest expense for the Association and Marinas.

• Telephone provider alternatives were explored, and a savings of $5,400 per year is being realized from changing providers.

• An Environmental Management System was established, and performance measures were designed by an employee team. Data collection resulted in a baseline for evaluating and managing energy and water consumption to reduce costs. The team, including representatives from each department, has implemented conservation strategies to reduce energy, water, and gasoline costs.

• Two Security patrol vehicles purchased in 2009 were bid, with both hybrid and gasoline options. The team, including representatives from each department, has implemented conservation strategies to reduce energy, water, and gasoline costs.

• The standard specifications for the gatehouse roofs were changed to copper metal roofing, a more durable and energy efficient material than shingle, that requires less maintenance and has a useful life of 35 years.

• The outsourced portion of the street sweeping program was evaluated and will be brought in-house in 2010, at a savings of $11,000 per year.

• The Match Tower was refurbished and repaired rather than replaced as originally planned. Engineers’ estimates for full replacement under the staffing reductions implemented conservation strategies to reduce energy, water, and gasoline costs.

The audited consolidated financial statements of The Landings Association, Inc. and its wholly-owned subsidiary, The Landings Company, together with the unqualified opinion of Holland, Henry & Bromley, LLP, Certified Public Accountants, are presented on the following pages.

The consolidated financial condition of The Landings Association and its subsidiary, The Landings Company, continues to be financially sound. Even with decreases in non-assessment revenues coupled with the slowdown in the real estate market, and general economic decline, consolidated revenues of $11,658,497 exceeded consolidated expenses of $11,448,364, resulting in a net increase in members’ equity of $209,833. At December 31, 2009, members’ equity totaled $10,950,592, of which $4,752,242 was set aside to fund infrastructure repairs and replacements. The operations of the Marinas, which are included in the operating results of the Association, had a decrease in revenues from prior years due to the economic decline. However, revenues exceeded expenses by $37,009.

With the significant downturn in the national real estate industry, The Landings Company incurred a loss after tax benefits of $292,509. The Company has undertaken cost containment measures and marketing initiatives that are consistent with future projections of the real estate market’s recovery.

As in the past, each of the Association’s operating Department Managers, working in close conjunction with the General Manager and Finance Department, revised short- and long-term operating plans. A liaison from the Finance Committee worked with each Department Manager during the preparation of the Long Range Financial Plan and the 2010 annual budget. These efforts indicate that the consolidated financial position of the Association will enable it to meet its financial obligations to the community and the challenges that lie ahead.

I have enjoyed serving as your Treasurer for the past year, and I thank each member of the Finance and Audit Committee for their contributions during the year. On behalf of the Committee, I also extend our appreciation to the staff of the Association’s Finance Department for their commitment to the Association and their contributions.

John Sobke
Treasurer
The Landings Association Board of Directors
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• The employee health insurance plan was aggressively shopped, following a 23% renewal in increase from our current carrier for the 2010 premium. As a result, we changed carriers and plans, with premiums and total expenses at 2009 budget levels.

• Covenant compliance was substantially improved, with no increase in headcount. This was accomplished by training all TLA Security officers and TLC golf course superintendents to identify and report Covenant violations to one enforcement officer assigned to follow-up. This change increased the number of Covenant violations resolved, from an average of 23 per month to 43 per month.

• The Security Department changed the vendor that washes patrol vehicles, for an annual savings of $3,120 and a higher quality of work.

• The Marinas began an employee cross-training program to increase staffing flexibility and reduce the need to hire more employees to fill specific roles. Contractors eager for work in the depressed economy resulted in bids better than budget on capital projects, providing an increased economy in the planned work in 2009.

• The $1M+ Landscape Contract was bid in December 2008, resulting in a $30,000 reduction over 2008 expenditures, and $47,000 under the projected 2009 expense.

• The Delegal structure originally was budgeted at $544,000. Before bidding could be conducted, additional structural damage occurred, increasing the estimated cost of the work to $1,040,000. Extreme persistence by staff throughout the bidding and review process yielded qualified contractors at a total project cost of $821,100, $219,000 less than the next qualified bid received.

As always, we welcome any and all feedback from our owners on how we can improve services. We look forward to hearing from you.

Shari Haldeman
General Manager/
Chief Operating Officer
The Landings Company

The Landings Company is the marketing and real estate arm of The Landings Association. Its Mission is to support and enhance property values at The Landings. To this end, the Company implements national, regional, and local marketing programs, maintains a showroom for prospective purchasers, and manages real estate brokerage and property rental functions which fund marketing and facilitate an efficient and professional process for sales and purchases.

Background

Financial results for the Company are in the Audited Financial Statements, as included in previous Annual Reports. The following background is provided in this first year of commenting on Company activities.

When the developer of The Landings, the Brani-gar Corporation, phased out its operations, a vote of property owners in 1997 supported the creation of the Company as the successor organization for marketing and sales. The Company is a for-profit, taxable corporation, wholly owned by the Association and managed by a separate Board of Directors. Day-to-day operations are conducted by a small staff and a number of licensed real estate agents.

The combination of these under one roof provides for an effective handover of marketing-generated leads to agents for follow-up and closure.

The Company cooperates with the Association and The Landings Club to ensure that prospective purchasers appreciate all the community’s amenities and each organization’s role in the community.

The marketing program is funded solely from the net profits from real estate operations. Funding is, therefore, subject to market volatility. No portion of the Association’s Property Owners’ Assessment goes to the Company for any purpose, and the Company pays arm’s-length fees for any services provided by the Association. In 1997, the property owners approved a transfer fee of up to one percent on sales to provide supplemental funds for marketing. This fee subsequently was eliminated as a result of a successful legal challenge, with the court decision resting on procedural flaws and not on the principle of a transfer fee.

National marketing is essential in light of the size, character, and location of The Landings. For reference, The Landings consists of more than 4,400 privately-owned properties, with a combined value in excess of $2 billion. Approximately 200-300 homes are listed for sale at any one time, with prices ranging from $225,000 to over $2 million. The annual value of home and home site sales at The Landings has ranged from $50M to more than $200M over the past 10 years. More than half of purchasers typically come from outside our local area and must be attracted to our community through a variety of marketing initiatives. Competition for prospects is intense, and includes communities benefiting from developer financing, resort and resort-area reputations, and “main street” locations.

However, The Landings is a vibrant community in an attractively beautiful, natural setting. We offer first-class amenities, a variety of housing options, and have an established track record of sound community and financial management. We are located in the heart of Georgia in one of the South’s most enchanting cities, offering additional cultural activities, shopping, and dining. We are confident that these and other attributes, communicated through our marketing and sales efforts, will make us a preferred destination as the real estate market recovers.

2009 HIGHLIGHTS

Marketing Expenditures

The Landings Company has spent an average of $1.1 million annually on marketing and sales activities since inception. With funding now tied solely to the profitability of real estate operations, cash availability has declined substantially over the past few years as national and local markets withered. Cash reserves accumulated during the strong market of the mid-2000s are being used to sustain a basic, but effective, marketing program.

Marketing Programs

The Company continues to cultivate substantial inventory of leads, but many prospective purchasers remain reluctant to act due to the inability to sell their current property, financial setbacks, and the general economic uncertainty. Marketing initiatives designed to reach key audiences include the Company’s website (www.thelandings.com), its presence on 20 strategic web portals, attendance at five Live South Real Estate Shows, Discovery Tour packages, print advertising in proven lead-generating media, direct mail, and monthly E-Newsletters. The Company subscribes to MLS and Realtor.com, advertises locally in selected media, and has its own YouTube Channel and Facebook page.

Real Estate Brokerage Operations

Real estate activity in 2009 was at the lowest level in the history of the Company. The higher priced segment of our market was particularly hard hit. The Company participated as lister, seller, or both in 73 (70%) of the 104 property sales closed at The Landings in 2009.

Management

James Robinson retired as President on October 31, 2009, following more than five years of service. Former Board Chairman, Larry Wills, stepped in to serve as Interim Chief Operating Officer.

Community Relations

The Company will address issues identified in the 2009 Community Survey, partnering with the Association and the Club in areas of mutual interest and benefit.

** ✴️ STATISTICS: **

2009 2008
Marketing Expenditures* $468K $929K
Site Visits (number)* 596 828
Closings (number)** 104 144
Sales Volume** $ 50M $ 82M
Average House Price** $499K $585K

* For The Landings Company ** For all Landings (from MLS)
The Landings Company

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Community Relations

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Marketing Programs

Cash limitations will continue to restrain marketing programs. Activities will include implementing an enhanced website, four Live South Real Estate shows, a major LINKS magazine feature, Discovery Tours, key web portal presence, ongoing press releases, and local promotions.

2009 HIGHLIGHTS

Marketing Expenditures

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• The $1M+ Landscape Contract was bid in December 2008, resulting in a $30,000 reduction over 2008 expenditures, and $47,000 under the projected 2009 expense.
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Focused effort will continue in evaluating and implementing the most efficient and cost-effective methods of service delivery to the community in the execution of these Work Plans. As always, we welcome any and all feedback from our owners on how we can improve services. We look forward to hearing from you.

Sheri J. Halderman
General Manager/Chief Operating Officer
Year-end Analysis - continued from page 4

The IT Coordinator position was replaced with an outsourced IT provider at a savings of $20,000 and increased service levels, system reliability, and security.

The $700,000 bank loan for the Landings Harbor seawall was paid off early to reduce interest on this 6.22% loan rate. TLA Operating and Reserve Funds (earning approximately 0.15% interest) were used to pay off the loan, saving a total of $102,000 in external interest expense for the Association and Marinas.

Telephone provider alternatives were explored, and a savings of $5,400 per year is being realized from changing providers.

An Environmental Management System was established, and performance measures were designed by an employee team. Data collection resulted in a baseline for evaluating and managing energy and water consumption to reduce costs. The team, including representatives from each department, has implemented conservation strategies to reduce energy, water, and gasoline costs.

Two Security patrol vehicles scheduled for replacement in 2009 were bid, with both hybrid and gasoline options. The today’s design standards were $160,000. A contract of $73,900 restored the structure to an as-new condition, extending the life of the structure 15 years.

Aesthetics Imagery by: Doug Herrick

For the past year, I have enjoyed serving as your Treasurer and I thank each member of the Association’s Finance Department for their commitment to the Association and its subsidiary, The Landings Company.

At the suggestion of Holland, Henry & Bromley, LLP, Certified Public Accountants, the audited consolidated financial statements of The Landings Association, Inc. and its wholly-owned subsidiary, The Landings Company, together with the unaudited opinion of Holland, Henry & Bromley, LLP, Certified Public Accountants, are presented on the following pages.

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I have enjoyed serving as your Treasurer for the past year, and I thank each member of the Finance and Audit Committee for their contributions during the year. On behalf of the Committee, I also extend our appreciation to the staff of the Association’s Finance Department for their commitment to the Association and their contributions.

John Sobke
Treasurer
The Landings Association Board of Directors
Marshwood Gate and Tidewater Square will include new mainlines, lateral lines, valves, and wiring; and sprinkler heads and a new shallow well at Tidewater Square.

**Delegal Structure**

Replacement of the Delegal Structure began in late 2009 and is scheduled to be completed by the end of April 2010. This project includes concrete piles and caps supporting the building structures that will maintain the identical silhouette of the previous facility.

**Delegal Electrical Panels**

The electrical panels located at the Delegal Marina are failing and are in need of replacement. This work will be conducted in conjunction with the electrical work associated with the Delegal Structure replacement project.

**Landings Harbor Forklift and Bulkhead Extension**

The north boat elevator at Landings Harbor, which raises boats from the water to the mobile forklift, has reached its asset life and is beyond repair. In lieu of the elevator, a negative forklift will be purchased in 2010. The elevator will be removed, and the tarmac bulkhead will be extended. This will allow sufficient space for the forklift to lower boats into the water. Utilizing a combination of one boat elevator, one positive forklift, and one negative forklift is consistent with other local marinas.

### STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association Facilities Maintained</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Vehicles Maintained</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Mailboxes &amp; Signs Painted</td>
<td>1.464</td>
<td>1.687</td>
</tr>
<tr>
<td>Miles of Cart Paths/Trails Repaved</td>
<td>2.6</td>
<td>0.89</td>
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<tr>
<td>Miles of Road Repaved</td>
<td>3.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Acres of Common Property Maintained</td>
<td>690</td>
<td>660</td>
</tr>
</tbody>
</table>
Additionally, The Landings Company and The Settlement Homeowner’s Association have consolidated their landscape services within the Association’s contract, at their expense, providing consistency within the community.

**Landings Harbor Projects**

Several projects were completed at Landings Harbor in 2009. Dredging of the basin was completed successfully using the newly purchased dredge and booster pump. The new unit increased dredging volume significantly and allowed dredging during most tidal situations. Additionally, the fishing pier was re-decked and the fish cleaning station replaced.

**Delegal Marina Projects**

In 2009, Thomas and Hutton Engineering recommended the closure of the Delegal tower and walkway as a result of significant horizontal movement. To reduce the price for replacement, staff removed the entire structure down to the existing pile caps. Replacement of the structure began in late 2009 and is scheduled to be completed in May 2010.

**2010 EXPECTATIONS**

**Sign Painting Initiative**

The Association continues work to refurbish and repaint 1/3 of the community’s signs and mailboxes annually in an effort to keep our community consistent and beautiful. Mailboxes requiring repair will be refurbished as necessary. This work will be conducted in Phase II through in-house staff and contracted means.

**Cart Path/Trail Resurfacing**

Upon completion of the 2010 cart path/trail evaluations/inspections, the Public Works Committee and staff will select those paths that are most deteriorated and which meet Association standards for replacement. The program’s goal will be to minimize any ride-altering root intrusions and to minimize the negative aesthetic impact of root intrusions on the path.

**Lagoon Structure Replacement**

A large majority of lagoon structures within our community are rapidly approaching or have reached their asset life, requiring extensive maintenance for continued long-term service. As a result of our annual inspections, it was determined that lagoon structures number 1, 2, and 115 are in need of replacement and/or refurbishment. This work will be conducted through contracted means in conjunction with in-house staff.

**Road Paving Program**

In 2010, the Association does not plan to conduct a large resurfacing project. Instead, staff will focus heavily on spot repairs, patching sink holes and failures in order to extend the life of this asset. In 2011, the Association will conduct a large-scale paving project in an attempt to further reduce unit cost.

**Deer Creek and Deer Creek North Automatic Gates**

The automatic gate entry systems at the Deer Creek and Deer Creek North entrances are the oldest and are not uniform with the other gates. This project will replace both automatic gate entry systems, which will provide a uniform operating system for all gates.

**Irrigation Replacement**

In 2010, two irrigation systems will have reached the end of their useful lives and will need to be replaced. The irrigation systems to be replaced are located at the...
Consolidating Statements of Revenues and Expenses and Changes in Members’ Equity

Year ended Dec. 31, 2009

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Gross Income</th>
<th>General Expense</th>
<th>Net Income</th>
</tr>
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<tbody>
<tr>
<td>Operating</td>
<td>$6,175,175</td>
<td>$3,449,403</td>
<td>2,725,426</td>
<td>$723,979</td>
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<tr>
<td>The Landings Company</td>
<td>$6,104,264</td>
<td>$3,187,967</td>
<td>2,916,297</td>
<td>$268,670</td>
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<tr>
<td>Eliminations</td>
<td>$71,128</td>
<td>$91,436</td>
<td>18,309</td>
<td>($9,072)</td>
</tr>
<tr>
<td>Total</td>
<td>$6,175,175</td>
<td>$3,449,403</td>
<td>2,725,426</td>
<td>$723,979</td>
</tr>
</tbody>
</table>

Note: The accompanying notes to financial statements are an integral part of these financial statements.

Main Gate Renovation

In 2010, the Main Gate Renovation project was completed. This work included the replacement of the windows and doors with energy efficient alternatives and re-siding of the exterior to horizontal, hardi-plank siding to improve aesthetics and consistency.

No Trespassing Signs

The Association owns 12 miles of fence bordering Landings property. Installation of No Trespassing signs every 60 feet along the fence line began in the fall and was scheduled to be completed in February 2010.

Gatehouse Roofing

In 2009, four gatehouse roofs were replaced with copper metal roofing to provide an improved, longer lasting, aesthetically pleasing roof surface. This work was completed on the Main Gate, Deer Creek, Marshwood, and Oakridge Gatehouses.

Marshwood Automatic Gate Replacement and Guest Lane Barrier Arm

The Marshwood Automatic Gate was replaced due to its age, and a barrier arm was installed on the visitor’s lane. This barrier arm is similar to the one operation at the Main Gate and will assist the Association’s Security officers in regulating visitor and contractor entry.

Marsh Tower Renovation

The Marsh Tower, located on the northeast end of the island off of Marsh Tower Lane, was renovated to extend the life of the structure 15 years to postpone a full replacement. Renovation of the Marsh Tower included the refurbishment and/or replacement of all materials in the new roof with treated wood and shingles. The renovation began in December and was completed in January 2010.

Lagoon Dredging

In 2009, lagoon #6, located off of Landings Way North, was dredged due to sediment buildup in this lagoon. While this work typically is conducted through contracted means, this lagoon was used as a pilot program for utilizing the newly purchased dredge unit for Landings Harbor. This method was successful and will be used in the future, in conjunction with contracted means, in lagoons otherwise difficult for the contractor to mobilize their equipment.

Landscape Contract Agreement

In 2009, staff contracted for the Association’s landscape services for 2009-2011. The landscape contract includes annual over-seeding, bed edging, maintenance for understory plantings, weed control, plant installation, mowing and trimming cycles, and irrigation on Association property. The new contract includes additional services from the previous contract such as the annual over-seeding and bed edging for all secondary center islands.

Continued on Page 20
Public Works Mission Statement

The mission of the Public Works Department is to promote The Landings as a well-maintained community which operates at a good value for its customers by maintaining, repairing, and improving all infrastructure, equipment, and grounds owned and operated by The Landings Association. The Department consists of the following five program areas: Contract Administration, Facilities, Construction, Environment- tal, and Fleet. Each program area fulfills a specific role to support the strategic objectives of the Department to ensure the Association’s services and facilities promote an aesthetically pleasing, secure lifestyle for residents.

2009 HIGHLIGHTS

Cart Path/Trail Resurfacing

In 2009, staff and the Public Works Committee evaluated all cart paths/trails for replacement and recommended an appropriate paving program required to improve and protect our existing path system. During the 2009 cart path review, asphalt and concrete were reviewed to determine which material would be most visible for the community. In 2008, two asphalt paths were replaced with rebar-reinforced, colored concrete as a test option for longevity and aesthetic evaluations. Feedback received regarding these paths has been positive. Concrete paths installed in 2007 by The Landings Club also were examined and found to be in excellent condition, with no evidence of root intrusion. After careful consideration by staff and the Public Works Committee, it was decided that concrete would best serve the community as its preferred cart path surface. The program replaced a total of 13,883 LF of paths in 2009. As a result of bulk purchasing and utilization of TLC’s contractor mobilized for the Deer Creek course renovation, the unit cost for 2009 was reduced from $31.19/LF to $22.75/LF.

Road Paving Program

The annual road inspections were completed for the 2009 paving program. This program mills 1.5 inches of asphalt from our existing street surface, repairs failures where necessary, and provides a new driving surface. In 2009, the program replaced 49,266 SY of road surface. With bulk purchasing and the reduction in the prices for petroleum-based products, the unit cost for 2009 was reduced from $13.28/SY to $10.21/SY. In 2009, an aggressive road patching program was created for various road and curb repairs throughout the community. In 2009, the program patched 1,345 SY of road surface.

Road Striping Program

The Landings Association re-stripes roads bi-annually to replenish faded or worn pavement striping, stop bars, and crosswalks. In 2009, all primary and secondary roads within the community were painted.

Sign Painting Initiative

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### Notes to Financial Statements

#### NOTE 1 - ORGANIZATION

The Landings Association, Inc. ("Association") is a homeowners’ association, organized as a not-for-profit corporation in the State of Georgia. Its members are property owners of The Landings on Skidaway Island, a private residential community comprised of 4,596 acres and 4,422 lots, located in Chatham County, Georgia. The Association owns, operates, and maintains the common properties, facilities, and the marinas, and it provides security services in the form of access control within the community.

The Association is the sole shareholder of The Landings Company ("Company"). The Company is responsible for the marketing and real estate operations previously provided by the property developer, The Brannagor Organization. In accordance with the bylaws of the Company, the transfer of Company stock is restricted solely to the Association, which is to remain the sole shareholder. The majority of the Company’s expenditures relate to promoting The Landings’ real estate properties on a national basis, sales of homes and lots, and rentals of owners’ homes.

#### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

##### Method of Consolidation

The accompanying consolidating financial statements include the accounts of the Association and the Company. Intercompany transactions and balances have been eliminated in consolidation. The Association provides access control and visitor/guest services to the Company. This is the only intercompany transaction.

##### Accounting Method

Both the Association’s and the Company’s financial statements have been prepared using the accrual basis of accounting. Accordingly, revenues are recognized when earned, rather than when received, and expenses are recognized when incurred, rather than when paid. Further, the Association uses fund accounting, which requires that funds designated for future significant repairs and replacements (the Capital Reserve Fund and the Road/Cart Path Reserve Fund) and the funds received for designated purposes other than general operations (such as the Annexation Fund) be classified separately for accounting and financial reporting purposes. Events subsequent to December 31, 2009 which may have an impact on these financial statements have been considered through February 3, 2010.

##### Cash & Cash Equivalents

- Cash equivalents represent highly-liquid investments with maturities of three months or less at the date of purchase.

##### Segregated Cash Within the Operating Fund

- In accordance with the Architectural Guidelines and Review Procedures, the Association holds monies in escrow for owners and builders during the construction phase of new houses and major renovations.

##### Segregated Cash Within The Landings Company

- The Company has escrow accounts established to hold the monies received as down payments on sales contracts and security deposits of members’ houses rental through the Company. Effective June 30, 2000, transfer fees collected were recorded as deferred revenue and maintained in a restricted cash account. In December 2003, a court order released from restriction all of this deferred revenue. During 2009, the final $50,000 in transfer fee deferred revenue was recognized as income, and the related cash was released from restriction.

##### Assessments

- Members’ assessments for the Association for operating purposes are required to be approved by a vote of the members no more frequently than every three years. The assessment rate for each lot in 2009 was $1,400, and in 2008 was $1,300, which includes general purpose and reserve assessments. Disbursements from the Operating Fund generally are at the discretion of the General Manager within the Board-approved budget. Disbursements from the reserve funds may be made only for their designated purposes.

##### Marina Revenue

- The Marina operates through an enterprise fund where revenues from fees for goods and services support the operations. The primary revenue sources supporting Marina operations are the following: membership dues; boat rack storage; wet slip rental; merchandise sales; and gasoline and diesel sales. Member dues and rack and slip rentals are billed prior to the actual provision of the services, and are recognized as income when earned.

##### Inventories

- Merchandise and beverage inventories are recorded at the lower of cost or market value using the last-in, first-out method. Gasoline and diesel fuel inventories are recorded based on a moving, weighted-average cost per gallon for the sales period. Inventories for the Association’s Marina operations include:

### Video Monitoring Extension

**2010 EXPECTATIONS**

#### Mobile Workforce Management

This project will enable live computer location tracking of security vehicles. This will improve efficiency in dispatching and routing of security assets. Additionally, it will store 90 days of tracking history to analyze patrol efficiency and aid in the investigation of accidents or complaints made against staff.

#### Vehicle Barrier Arm at Marshwood Gatehouse

To increase the security at this gate, a new barrier arm system was installed in the visitor lane. In addition, the sliding security gate and resident automatic gate were refurbished.

#### Traffic Speed Monitor

A standalone traffic radar system was purchased that displays and records vehicle speeds. It already has proven valuable in identifying problem areas and increasing public awareness.

### Installation of a Voice Recording System

This system has the capability of recording all phone lines, the radio, and the cellphone at the Main Gate. It will store up to three years of voice recordings before any additional storage drives are needed.

### STATISTICS

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest Pass Requests Processed</td>
<td>85,394</td>
</tr>
<tr>
<td>Incident Reports Filed</td>
<td>4,058</td>
</tr>
<tr>
<td>Active Barcodes</td>
<td>21,995</td>
</tr>
<tr>
<td>Insecure Property Reports</td>
<td>624</td>
</tr>
<tr>
<td>Assistance Requests</td>
<td>456</td>
</tr>
<tr>
<td>Alarm Responses (fire/burglar)</td>
<td>234</td>
</tr>
<tr>
<td>EMS Support Runs</td>
<td>439</td>
</tr>
<tr>
<td>High Day’s Barcode Entries</td>
<td>9,836</td>
</tr>
</tbody>
</table>

Security Officer Training

A computer-based security officer training program was established in 2007 to improve overall professionalism of the staff. This program will be reinstated in 2010. In addition, the Chief of Security will complete the board certification in security management through the American Society of Industrial Security (ASIS). This self-study certification culminates with a 300-question exam and is widely recognized in the security field.

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**STATISTICS**

- **2009**: 85,394 guest pass requests processed, 4,058 incident reports filed, 21,995 active barcodes, 624 insecure property reports, 456 assistance requests, 234 alarm responses, 439 EMS support runs, 9,836 high day’s barcode entries.
- **2008**: 93,632 guest pass requests processed, 4,299 incident reports filed, 22,000 active barcodes, 793 insecure property reports, 373 assistance requests, 246 alarm responses, 369 EMS support runs, 9,863 high day’s barcode entries.
Public Safety Mission Statement

The mission of the Public Safety Department is to promote a secure lifestyle through community service in three major operational areas: Access Control, Emergency Service Assistance, and Property Checks. The Department's goals are to ensure the safety and security of the residents, their guests, and employees; maintain the privacy of the community; and deter illegal activity. The Chief of Security is responsible for emergency planning, law enforcement liaison, and general security operations. The Department is similar to a police department, with three shift supervisors and three assistants (one for each shift). The supervisors report to the Chief of Security, who in turn reports to the General Manager.

2009 HIGHLIGHTS

Succession Planning

In 2009, The Landings Association put into place its succession plan for the Chief of Security position. As part of this plan, a temporary Assistant Chief position was created to provide a smooth transition. During the year, the Assistant Chief assumed the Chief position, with longtime Chief Charles Scobee continuing to work in a consulting role, until his retirement at the beginning of 2010.

Access Control

The first priority operational area of the Public Safety Department is Access Control. A variety of automated and manual systems are used to process vehicle entries using any of our seven gates. A one-day high of 9,836 vehicles used the automated vehicle entry system in 2009. The Main Gatehouse is the 24/7 hub of our automated systems, including our video camera surveillance. It also is our dispatch center for all calls. The marshwood Gatehouse is staffed 12 hours daily, Monday through Saturday, while the Oakridge, Deer Creek, McWhorter, Marshview, and Moon River gates are fully automated. In 2009, a total of 85,594 guest passes were processed for residents.

Emergency Service Assistance

The second priority operational area of the Department is Emergency Service Assistance. Vehicle patrols respond to EMS calls and fire and burglary alarms, and provide escort for police, fire, and medical units during emergency situations. In 2009, patrols responded to 439 EMS calls, 82 fire alarms, and 152 burglary alarms.

Patrol and Property Check

The third priority operational area of the Department is non-emergency routine patrols and property checks. Routine vehicle patrols serve as a deterrent to illegal activity and help monitor traffic flow. The patrol officers also conduct checks of common property, facilities, and amenities on a regular basis. This work is performed by the same staff that responds to emergency situations. In 2009, our patrols discovered 624 insecure properties.

Gatehouse Renovations

The Main Gatehouse underwent an interior upgrade to accommodate more video displays and to provide improved workflow. The exterior received new windows and roofing.

Notes to Financial Statements

<table>
<thead>
<tr>
<th>Year</th>
<th>Merchandise</th>
<th>Gasoline and diesel fuel</th>
<th>Beverages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$12,843</td>
<td>$24,848</td>
<td>$4,131</td>
</tr>
<tr>
<td>2008</td>
<td>$11,395</td>
<td>$37,092</td>
<td>$4,350</td>
</tr>
</tbody>
</table>

$41,822 $52,837

Recognition of Assets and Depreciation Policy - The Association owns significant amounts of real property and improvements as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common property, in acres</td>
<td>690</td>
<td></td>
</tr>
<tr>
<td>Center islands/medians</td>
<td>313</td>
<td></td>
</tr>
<tr>
<td>Roadways, in miles</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>Trails, in miles paved</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Lagoons</td>
<td>151</td>
<td></td>
</tr>
<tr>
<td>Gates and entrances</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Bridges</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

These properties were, and will be, periodically conveyed to the Association under agreements with developers. The common properties are real property directly associated with the individual ownership of member properties and are dedicated for the use of the entire community. They cannot be sold separately and, thus, have no fair market value other than that related to their intended use. The value of such assets is not recognized in the financial statements of the Association.

The Articles of Incorporation and General Declaration of Covenants and Restrictions permit the Association to participate in mergers and consolidations with other non-profit corporations organized for the same purposes; mortgage the properties; and dedicate or transfer all or any part of the common properties to any public agency, authority, or utility. Upon dissolution of the Association, the assets, both real and personal, would be dedicated to an appropriate public agency or activity. All such actions require approval of two-thirds of the membership.

The Association capitalizes assets acquired with Association funds. Assets donated by members are recorded at fair market value. For the years ended December 31, 2009 and 2008, the combined amounts expensed by the Association for depreciation were $595,347 and $575,131, respectively. For the years ended December 31, 2009 and 2008, amounts expensed by the Company for depreciation were $40,927 and $50,565 respectively.

Property, Plant, and Equipment consists of the following at December 31, 2009:

<table>
<thead>
<tr>
<th>Description</th>
<th>Association</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>$963,520</td>
<td>$724,576</td>
</tr>
<tr>
<td>Buildings &amp; docks</td>
<td>4,098,597</td>
<td>1,166,196</td>
</tr>
<tr>
<td>Equipment</td>
<td>2,595,450</td>
<td>240,906</td>
</tr>
<tr>
<td>Furniture &amp; computers</td>
<td>549,029</td>
<td>881,096</td>
</tr>
<tr>
<td>Vehicles</td>
<td>212,915</td>
<td>-</td>
</tr>
<tr>
<td>Land</td>
<td>9,301,507</td>
<td>1,131,678</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(4,936,989)</td>
<td>(622,026)</td>
</tr>
<tr>
<td></td>
<td>4,364,518</td>
<td>509,652</td>
</tr>
<tr>
<td></td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$4,364,518</td>
<td>$584,652</td>
</tr>
</tbody>
</table>
Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs - The Company expenses the majority of advertising and other marketing costs when related invoices are received.

Reclassifications - Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 3 - CONCENTRATION OF CREDIT RISK
The Association and the Company maintain their cash balances at regional banks located in Savannah, Georgia. The Federal Deposit Insurance Corporation (FDIC) insures these deposits up to $250,000 per bank. The financial institutions holding the Association’s accounts participated in the FDIC’s Transaction Account Guarantee Program, which insured 100% of all non-interest earning accounts as of December 31, 2009. Thus, no cash balances will the Association or Company were uninsured at December 31, 2009.

NOTE 4 - ASSOCIATION INVESTMENTS
Investment securities are those investments that the Association acquires with the intent and the ability to hold to maturity. Securities chosen for investment are selected to preserve capital and protect investment principal, to maintain sufficient liquidity to meet anticipated needs, and to attain a market rate of return consistent with the preservation of capital.

The short-term investments at December 31, 2009 are United States Treasury Bills, which are stated at cost plus accrued interest receivable, which approximates market.

On December 31, 2009, the Association adopted the Fair Values Measurements and Disclosures topic of FASB ASC. This topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and observable.

The following table sets forth by level, within fair value hierarchy, the investment assets at fair value as of December 31, 2009. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>$118,000</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>3,799,956</td>
<td>-</td>
</tr>
<tr>
<td>Total investment assets at fair value</td>
<td>3,917,956</td>
<td>-</td>
</tr>
</tbody>
</table>

Captains’ Lounge/Tiki Bar
The Captains’ Lounge/Tiki Bar operation had a challenging year in 2009 due to some very uncooperative weather. Despite facing adversity such as inclement weather and moving the venue of the cookout events from Delegal to Landings Harbor, the cookout events continued to be a popular attraction for Landings residents. The Lounge, operating through the portable Tiki Bar, continued to offer live entertainment and food through vendors such as Barnes and Sandfly BBQ.

2010 EXPECTATIONS

Landings Harbor Retail Store
The inventory selection at the Landings Harbor store is continually reviewed with the goal of providing the appropriate boating supplies and other items that our customers will find to be useful. Marina administration will continue to focus on maintaining accurate inventory and offering those items most desired by the boating community.

Operation/Facility Improvements
The Landings Harbor operation will experience several positive changes in 2010. The Marinas will be purchasing a new negative-lift forklift truck to replace one of the existing boat elevator hoists and the Clark forklift. Adding this negative lift truck will allow the Marinas’ staff to serve better our guests while also executing the boat movement operations in a very safe and efficient manner. Landings Harbor Marina also will be implementing the use of electronic boat tracking devices that will streamline operations. This system will track automatically all boat movements and provide for more accurate and efficient boat movement records. Staff also will be able to know how many boats are moved on a given day, week, or time of year and begin to develop some very usable data for future planning purposes. Lastly, the Landings Harbor Marina will be purchasing a new portable pump-out station. This new pump-out will offer The Landings’ boaters a reliable service and also add to the list of services we can offer and charge for our transient guests.

Captains’ Lounge/Tiki Bar
The Captains’ Lounge will continue to operate through the portable Tiki Bar at Landings Harbor through 2010. The new database will be an asset for the Lounge by eliminating work duplication currently required to account accurately for Lounge charges on the Marinas’ billing statements. Staff will continue to focus on maintaining targeted sales margins and boosting sales by providing consistent, quality events for the guests to enjoy and by marketing the events for high visibility.

Boat Storage
The primary focus for 2010 will be to increase the boat storage occupancy rates. In 2009, many boaters removed their vessels from storage or used the marinas only on a seasonal basis. The goal of 2010 is to explore all options that may encourage boaters to store their vessels at The Landings’ Marinas.
Marinas

Mission Statement
The mission of the Marinas Department is to provide and promote boating and waterfront activities within The Landings by operating and maintaining two marinas: Landings Harbor and Delegal Creek. In addition to permanent wet and dry boat storage, the department provides services through a sailing program, retail store operations, hospitality at the Captains’ Lounge/Tiki Bar, transient boat services, and marine repair services provided through Phil Dolan Yacht Services, Inc. The Marinas support their operations and capital expenses through the collection of user fees and the sales of goods and services.

2009 HIGHLIGHTS

Facility Upgrades
The Landings Association and Marinas’ staff kept the focus on continued improvements for the marinas. In keeping with this focus, the following improvements were made:

Delegal Creek Marina
The Delegal Creek Marina pier, offices, and observation tower were completely deconstructed by the Association Public Works staff in 2009. The completion of this work prepared the site for the reconstruction project, which is set to be completed by the end of April 2010.

Landings Harbor Marina
At Landings Harbor Marina, several improvements were made in 2009, ranging greatly in scale. In the restrooms, new energy-efficient lighting and toilets were installed to increase the operating efficiency and align with the Association’s plan of minimizing our environmental footprint. Landings Harbor also had new Jet Ski racks constructed to accommodate the increasing number of request for Jet Ski storage during the peak boating season. On a larger scale, The Landings Harbor fishing pier and fish cleaning station were completely replaced in 2009. In April 2009, the Landings Harbor basin dredging project also was completed successfully.

Marine Repair Service
The Marine Repair Service Center currently is operating through Phil Dolan Yacht Services, Inc. PDYS continues to be an asset to The Landings’ Marinas by offering a wide variety of services to the boating community. The Landings Association markets the services provided through publications such as The Landings Journal, and through the Marinas’ monthly newsletter, The Anchor.

Sailing Program
The primary goal of the Sailing Program is to allow residents to learn to sail in a supportive environment and to sail without having to own a sailboat. The department focuses on maximizing the program as a way to attract people to the Marinas. The Marinas own eight boats for this purpose and charge participants a monthly usage fee. Weekend races promote camaraderie among participants. The department investigates partnering with local yacht and sailing clubs to get participants involved in cruising and racing on larger boats.

2009 Committees:
Marinas Business Manager
BRYAN DEAL

Marinas Business Manager

Martiny Vernick, Chair
David Angell
Cam Harvey
Dan Huffer
John Platte
Al Townsend

Board Liaison:
Jim McInerney

Staff Liaison:
Bryan Deal

NOTE 5 - ASSESSMENTS RECEIVABLE
The Association’s policy is to place liens on the properties of owners whose assessments are two months in arrears. Past due assessments of approximately $95,000 were written off at the end of 2009 per board approval. All of the past due owners, for 2008 and 2009, have been suspended and sent to the Association’s attorney to proceed with legal action.

NOTE 6 - RESERVE FUNDS
Annexation Fund - An annexation fee is paid to the Association as lots initially are sold in Moon River Landing. An Annexation Fund has been established for collection of these fees. The Association’s Board of Directors has sole approval authority to determine how such funds are expended. As of December 31, 2009 and 2008, the Association expected to receive additional annexation fees from Moon River Landing of $319,012. Any outstanding balance will be due in 2010. Initially, the annexation fees collected were used to offset the costs associated with the annexation.

Future Major Repairs and Replacements - The Association’s governing documents authorize the levying of annual assessments, which provide for the repair and maintenance of drainage facilities, selected assets, marina facilities, and road and trail resurfacing.

It is the practice of the Association to include normal, recurring repair and maintenance of common properties in annual operating budgets. The Association also sets aside in separate repair and replacement capital reserve funds those amounts estimated to be required to meet future major repair and replacement costs of certain components of common properties. Actual expenditures may vary from the estimated future expenditures, and variations may be material. If additional funds are needed, the Association has the authority, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Capital Reserve Funds - Storm Drain and Flood Water Control and Selected Assets Components - In 2005 and 2006, the Association conducted a study to determine the physical and operating conditions of, and estimated future costs of major repair and replacements for, such items as the drainage system, nine bridges, the observation tower, roofs, and the administration and marina facilities. The study estimated that the components in the drainage system have useful lives that range from 20 to 80 years, current bridges 30 years, road bridges from 50 to 80 years, and the administration and marina facilities from 7 to 50 years.

Equipment Components - Major capital equipment is defined as those items costing $40,000 or more. Major capital equipment includes a telecommunications system, video monitoring system, vacuum jetter truck, backhoe, front-end loader, street sweepers, automatic gates at entrances, and forklifts. The study estimated major equipment components have useful lives that range from 6 to 15 years.

Road and Trail Resurfacing Components - In 2001, the Association conducted a study to determine the physical and operating conditions of, and estimated future costs of major repair and replacements for, the road and trail systems. The study estimated that the roads have useful lives of 15 to 25 years, and the trails from 10 to 20 years, depending on the type of root barrier used. In 2008, a separate Road and Cart Path Reserve Fund was created. An initial reserve allocation was transferred from the Capital Reserve Fund which uses the component method to calculate the annual reserve allocation, where each component is identified separately. However, in the Road and Cart Path Reserve Fund, assets are grouped by their useful lives, and an annualized portion of each grouping is allocated into the reserve. For example, roads with a useful life of 20 years are grouped together, and 1/20th of this asset group cost is the reserve allocation for the year. The Road and Cart Path Reserve Fund allocation is calculated annually, based on actual values.

Reserve assessments collected in the Capital Reserve Funds amounted to $1,349,460 in 2009 and $1,860,305 in 2008. During the years ended December 31, 2009 and 2008, the amount expended from the funds amounted to $977,084 and $435,687.
Note 7 - Interfund Borrowing
In 2002, $500,000 was borrowed from the Reserve Fund to pay off a portion of the former Yacht Club’s debt. This money was used with the understanding that it would be paid back into the fund over a 15-year period with interest. As of December 31, 2009, $138,360 is owed to the Reserve Fund.

In 2005, the Marinas borrowed a total of $1,377,000 from the Operating Fund, primarily to finance the seawall replacement at Landings Harbor. Of this, the Association provided $700,000 with a loan from Wachovia Bank, and the remaining portion from the Operating Fund. The Marinas are paying back this amount over 10 years, with interest. As of December 31, 2009, a total of $915,200 remains to be repaid by the Marinas to the Operating Fund. In 2009, the Association paid off the Wachovia Bank loan and, therefore, as of December 31, 2009, the Operating Fund owes the Reserve Fund $271,454 as part of this loan payoff.

In 2009, the Marinas borrowed $298,000 from the Reserve Fund to pay for the purchase of a dredge used at Landings Harbor. The balance on this 8-year loan was $270,749 as of December 31, 2009.

Note 8 - Pension Plan
In July 1998, the Association and the Company established 401(k) retirement plans. Employees were eligible to participate in each plan upon reaching the age of 18 years and completing six months of service. Effective January 1, 2007, the Association eliminated the length of service requirement. Employees are enrolled automatically upon employment. Employees may contribute annually up to the lesser of 20% of their salaries or $16,500 and $15,500 during 2009 and 2008, respectively. In 2008, the Association’s plan provided for an employer match of 75% on the first 5% of the salary deferred by an employee. The plan was amended for the 2009 plan year to provide for an employer match of 100% of the first 4% of the salary deferred by an employee.

The Company’s plan provides for an employer match of 50% on the first 4% of the salary deferred by an employee. Effective January 1, 2009, the length of service requirement for the Company’s plan was extended to one year. For the years ended December 31, 2009, and 2008, the Association’s contributions amounted to $238,123 and $192,893, respectively, into the 401(k) plan. Expenses for the Company amounted to $7,904 and $11,585 for the years ended December 31, 2009 and 2008, respectively.

Note 9 - Income Taxes
The Association’s and the Company’s income taxes are determined under the asset and liability approach described in the Income Tax Topic of FASB ASC. The Association and the Company adopted Financial Accounting Standards Interpretation No. 48, Accounting for Uncertainty in Income Taxes, as of January 1, 2009. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The adoption had no effect on the accompanying financial statements.

The Association and the Company are subject to U.S. federal income tax as well as income tax of the state of Georgia. The Association and the Company are no longer subject to examination by taxing authorities for years before 2006. The Association and the Company do not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Association and the Company would recognize interest and/or penalties related to income tax matters in income tax expense, but no such amounts were deemed necessary during the years ended December 31, 2009 and 2008.

Association - The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the years ended December 31, 2009 and 2008. It does not qualify as an exempt organization. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership, non-membership, and capital transactions. For federal tax purposes, the Association is taxed on all net income from non-membership activities, reduced only by losses from non-membership activities. Non-membership income may not be offset by membership losses, and any excess membership deductions may be carried forward only to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. The Association files Form 1120, which has graduated rates of 15% to 39% that are applied to net taxable income.

2010 EXPECTATIONS
Recruiting and Retention
Our focus in 2010 will be on improving our orientation process. We will continue to focus on evaluating any opening to determine if it needs to be refilled.

Organizational/Individual Development
Renewed emphasis will be placed on supervisor and employee training and development during 2010. The leadership team will focus as facilitators for a “book of the quarter” training program for all employees, with each of the books/articles being centered on our Vision and Values.

Workplace Culture
Landings Association employees continued to focus on operational improvements during 2009, and many departments reorganized in order to improve efficiency and reduce costs. Process improvements have been made within every department in the Association. We continue to have cross-business employee teams develop and implement programs related to wellness, safety, and employee involvement.

Statistics
2009 2008
Landings Association Employees
73 78
Employees Hired
13 18
Human Resources / Organizational Effectiveness

Human Resources Organizational Effectiveness

Mission Statement
The primary mission of the Human Resources and Organizational Effectiveness Department is to design and implement systems, structures, and processes to increase the effectiveness of each individual and the organization as a whole. This mission is accomplished primarily through the following program areas: Recruiting and Retention, Organizational and Individual Development, Total Compensation, and our Workplace Culture.

2009 HIGHLIGHTS

Recruiting and Retention
Total turnover for 2009 was 20.4%, which is in line with 2008, with only 5% considered regrettable. During the year, the Landings Association hired 13 fulltime employees, with all beginning work in less than 60 days from the opening of the position. (Average time to fill was 27 days.) The number of hires was lower than we historically have achieved primarily due to two factors – the low number of employees leaving and a strong effort to evaluate every vacated position to determine if the work could be accomplished without hiring a replacement. Due to efficiencies, three positions that were vacated were not re-hired, saving the Association money. The time to fill for 2009 was a bit longer than we historically experienced, primarily due to hiring to fill some more difficult positions including Chief of Security and Finance.

Organizational Individual Development
2009 was a year of renewed energy around getting our Vision and Values integrated into our daily business. An extended group of leaders from the organization reviewed a “report card” on tasks to be accomplished, then formed sub teams to address six of those areas, such as orientation of new and existing employees and training.

Total Compensation Benefits
Total Compensation/Benefits – Monitoring of our retirement and benefits plans continues to indicate that the Association is competitive within the Savannah marketplace. Changes to our 401(k) plans made in 2008 were positively received, and current participation is at 88% of all eligible employees. The Association continues to refine our health and welfare benefit programs to ensure their competitiveness in the marketplace while controlling expenses. Medical expenses have been below the budgeted amount for the past four years. Due to high renewal rates from Blue Cross/Blue Shield, a decision was made to change providers to Aetna for 2010. This decision allowed the Association to keep the budget for 2010 below the level of the 2009 budget and only 10%

Notes to Financial Statements
During 2009, the Association experienced a net operating loss (NOL) of approximately $533,000 for income tax purposes. For federal purposes, approximately $474,000 of this NOL will be carried back to offset income which was taxable in 2004 through 2008, and a refund of approximately $149,250 is expected. The remaining federal NOL of approximately $59,000 will be carried forward.

For state income tax purposes, the entire NOL will be carried forward for up to 20 years to offset taxable income in future years. A corresponding deferred tax asset of $52,000 has been recorded related to the federal and state NOL carryforward amounts, and a valuation allowance has been established for the full amount. The entire $138,779 in income tax benefit for the year ended December 31, 2009 is current.

Company - The Company elected a C-Corporation status for income tax purposes. The provision for income taxes includes current federal and state income taxes and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting, and the amounts for income tax purposes. At December 31, 2009, the Company had current and long-term net deferred tax liabilities.

Significant components of the Company’s deferred tax balances as of December 31, 2009 are as follows:

| Long-term deferred tax liability: | $ (24,700) |
| State NOL asset | 7,400 |
| Depreciation difference | (17,300) |
| Less allowance for state NOL asset | 24,700 |
| $ 7,400 |
| Current deferred tax liability: | $ 4,400 |
| Depreciation difference | 

The Company’s income tax benefit shown on the statement of income consists of the following components:

| Current tax benefit | $ 132,722 |
| Deferred tax expense | (14,000) |
| $ 118,722 |

During 2009, the Company experienced a NOL of approximately $420,000 for federal income tax purposes. This NOL will be carried back to offset income which was taxable in 2005 and 2006. A refund of approximately $142,700 is expected to result from this NOL carryback for federal purposes.

For state income tax purposes, a NOL of approximately $425,000 will be carried forward for up to 20 years to offset taxable income in future years. A corresponding deferred tax asset of $24,700 has been recorded, and a valuation allowance has been established for the full amount.

NOTE 10 - LEGAL MATTERS
The prospect that the following claims will result in an outcome unfavorable to the Association is neither probable nor remote. Management believes that the resolution of these matters will not have an adverse impact on the financial statements. No provisions for these matters have been made in the accompanying financial statements.
A lawsuit has been filed against the Association alleging breach of contract, promissory estoppel, negligence, negligent misrepresentation, and breach of fiduciary duty relating to the storage of an airboat. The Association has answered, denying all claims and asserting affirmative defenses. The Association intends to defend these claims vigorously. A motion for summary judgment is pending judicial review.

A lawsuit was filed against the Association and the Company alleging wrongful death, survivorship pain and suffering, injuries and damage liability, negligence, premises liability, and nuisance. The Association has answered, denying all claims and asserting affirmative defenses. The Association intends to defend these claims vigorously. In November 2009, the Company was granted a motion for summary judgment and removed as a defendant in this case. Therefore, there are no pending lawsuits related to the Company.

**NOTE 11 - LINES OF CREDIT**

The Company has an unsecured $330,000 line of credit agreement with SunTrust Bank, bearing interest at 1.80% percent over the one-month LIBOR rate. At December 31, 2009 and 2008, no balance was outstanding under this agreement.

The Association has an unsecured $5,000,000 line of credit agreement with Wachovia Bank, bearing interest at 1.25% percent over the LIBOR rate. At December 31, 2009 and 2008, no balance was outstanding under this agreement.

**NOTE 12 - RELATED PARTY TRANSACTIONS**

The Association entered into a three-year contract with The Landings Club (“Club”), a separate membership entity that owns and operates the golf, tennis, swimming, and physical fitness facilities. Under terms of the agreement, the Association provides lagoon maintenance and security services. The services amounted to $185,709 and $189,544 in 2009 and 2008, respectively. In January 2009, the Association renewed the contract for an additional three years. The amounts due to the Association under the new contract are $192,580 in 2010, and $199,713 in 2011.

The Company paid fees for sales guests to use Club amenities, which totaled $34,239 and $50,404 for golf and related expenses during the years ended December 31, 2009 and 2008, respectively.

**NOTE 13 - LONG-TERM DEBT**

Association: Long-term debt consists of a variable rate promissory note in the original amount of $901,355 payable to SunTrust Bank. The note is payable in monthly installments of principal in the amount of $5,008 plus accrued interest at the three-month LIBOR rate plus 1.22%. A final payment of the unpaid principal balance plus accrued interest is due and payable on January 10, 2017. The note is collateralized by a negative covenant not to encumber the marina real estate and all monies, instruments, savings, checking, and other accounts that are in SunTrust Bank’s custody. As of December 31, 2009, the debt balance was $412,926, of which $60,091 was current.

In 2005, the Association obtained a $700,000 commercial loan with Wachovia Bank to finance the capital expenditures made in 2005, primarily for the Marina seawall replacement. This loan was a fixed-rate loan for 10 years. The loan was payable in monthly installments of principal and interest in the amount of $7,879 over a 10-year term, at an interest rate of 6.22% per annum. There was no penalty for prepayment on this loan. As of December 31, 2009, the loan balance was $0, as this was paid off on July 16, 2009.

Long-term debt consists of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt</td>
<td>$412,926</td>
</tr>
<tr>
<td>Less: current portion of</td>
<td>(60,091)</td>
</tr>
<tr>
<td>long-term debt</td>
<td>$352,835</td>
</tr>
</tbody>
</table>

Financial Management

This function provided information to the staff, committees, and Board on financial policy, financial management, reporting, and other matters affecting the short- and long-term financial condition of the Association. The Department provided support to the General Manager in the development of the Long Range Financial Plan and annual operational and capital budgets, and made recommendations to the Board of Directors when appropriate. Investments of available funds were made in accordance with Board and Finance Committee policy, with most investments currently placed in Treasury Bills. The Department compiled historical data used to produce benchmark data valuable in analyzing the financial condition of the Association. Staff suggested changes to financial policy, where appropriate. Quarterly audits were conducted during 2009 to ensure the accuracy and compliance with applicable laws, regulations, and policy. The accuracy of the reported balances for 2008 was tested during an annual external audit conducted by an independent CPA firm. This audit resulted in an unqualified opinion, no reportable conditions, and no significant recommendations.

Insurance Risk Management

This program acquired insurance for those areas of operation and assets in which the Association’s risk control techniques do not adequately cover losses. The Board is not willing to assume. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of exposures, and contractual transfer. This was accomplished by understanding the value of the Association’s assets by conducting periodic appraisals, including a full appraisal by an external firm of major infrastructure assets; understanding the areas of potential exposure; having general knowledge of the insurance market; and monitoring losses. Periodically, the Association sends requests for proposal to area insurance brokers to ensure that the best services at reasonable costs are being provided for the Association.

**INSURANCE**

<table>
<thead>
<tr>
<th>Donald Campbell</th>
<th>Jack Coderre</th>
<th>Jack Sherill</th>
<th>Jack Tesinsky</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff Liaisons:</strong></td>
<td><strong>Karl Stephens</strong></td>
<td><strong>Shari Haldeman</strong></td>
<td></td>
</tr>
</tbody>
</table>

**2010 EXPECTATIONS**

Further automation with our accounting software, such as the ability to debit accounts in a more streamlined fashion, as well as a way to receive electronic checks online, will be researched and implemented where applicable. In addition, relationships with our current banks and insurance brokers will be researched with potential changes in providers. Further, investments will be analyzed for their safety, liquidity, and rates of return vs. other options in the marketplace.

**STATISTICS**

<table>
<thead>
<tr>
<th>Category</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable Checks Produced</td>
<td>5,212</td>
<td>4,700</td>
</tr>
<tr>
<td>Payment Checks/ACH/Cash Deposits Processed</td>
<td>10,570</td>
<td>8,895</td>
</tr>
<tr>
<td>Property Transfers Processed</td>
<td>116</td>
<td>168</td>
</tr>
</tbody>
</table>
**Finance**

**Mission Statement**

The mission of the Finance Department is to manage prudently The Landings Association’s financial resources; to assure compliance with applicable laws and policies governing financial transactions; and to provide timely and accurate information about the Association’s financial position, including technical support. The Department consists of the following program areas: Accounting, Financial Management, Reporting, Insurance Risk Management, and Billing and Collection of Assessments.

**2009 HIGHLIGHTS**

During 2009, the Finance Department underwent a reorganization, to provide better service at a non-increased headcount. As part of this reorganization, the Chief Administrative Officer assumed additional duties as Finance Director. Reporting to him are a Controller and Senior Financial Analyst (both hired in 2009 to replace the previous Controller and Accountant). The Accounts Payable Assistant and Accounts Receivable Assistant continue to report to the Controller.

As part of the improvements to the department in 2009, a new electronic purchasing order system was installed. This system replaces the paper-based system and allows immediate encoding of accounts as expenditures are approved. New budgeting software also was installed, as was a new point of sales system at the Association’s main office and at the Marinas. Specific details about the Department’s program areas follow.

**Billing**

In 2009, the Association enlisted a local attorney to help collect on past due Association and Marina debts, and became more aggressive in this collection. During the year, the Finance Department prepared 4,422 (4,410 billable lots) property owner assessment statements, of which 377 elected to participate in the quarterly payment plan. The Department generated the following invoices on a monthly basis: approximately 800 marina statements; several service agreement statements to The Landings Club, Marina, and The Landings Company; and approximately 30 Landings Journal advertiser statements.

The Department is responsible for auditing and depositing daily cash receipts from the reception desk activities. These include vehicle and Dog Park registrations, daily pass fees from the gate, and retail operations at the Marinas, averaging a total of $5,000 daily. In addition, the Department issued more than 200 vendor checks per month, totaling more than $230,000. Payroll is administered in-house, which equates to approximately 75 paychecks every two weeks, totaling about $97,000. Accounting also tracks Paid Time Off for all Association employees.

**Accounting**

The Department prepared 4,422 (4,410 billable lots) property owner assessment statements, of which 377 elected to participate in the quarterly payment plan. The Department generated the following invoices on a monthly basis: approximately 800 marina statements; several service agreement statements to The Landings Club, Marina, and The Landings Company; and approximately 30 Landings Journal advertiser statements.

Minimun annual lease payments are as follows:

<table>
<thead>
<tr>
<th>For the year ending December 31,</th>
<th>Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$ 22,232</td>
</tr>
<tr>
<td>2011</td>
<td>12,552</td>
</tr>
<tr>
<td>2012</td>
<td>12,552</td>
</tr>
<tr>
<td>2013</td>
<td>17,276</td>
</tr>
<tr>
<td>2014</td>
<td>6,930</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66,542</strong></td>
</tr>
</tbody>
</table>

**Note 14 - Company Commitments**

The Company leases office equipment under non-cancelable operating leases expiring in various years through 2014. The Company incurred rental expense relating to operating leases of $20,304 and $20,041 for the years ended December 31, 2009 and 2008, respectively.

Minimum annual lease payments are as follows:

<table>
<thead>
<tr>
<th>For the year ending December 31</th>
<th>Annual lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$ 1,006,912</td>
</tr>
<tr>
<td>2011</td>
<td>1,027,050</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,033,962</strong></td>
</tr>
</tbody>
</table>

**Note 15 - Association Commitments**

Landscape and Rights-of-Way Maintenance Agreement - In August 1999, ValleyCrest Landscaping, Inc. entered into a five-year agreement with the Association to provide landscaping and mowing services. In conjunction with that agreement, the Association made available the north maintenance facility to ValleyCrest for the length of the contract. The contract was renewed in 2005 for a three-year term to coincide with the three year Assessment Plan of 2006-2008.

This contract was renewed in January 2009. The annual payments under this agreement are as follows:
Supplementary Information on Major Repairs & Replacements

The Association’s Board of Directors authorized a study in 2001 to estimate the remaining useful lives and the replacement costs of the storm drain, flood water control, road, trail, and bridge components of common property. The Association completed another study in 2005 to estimate the remaining useful lives and the replacement costs of the marina components of common property. The estimates were obtained from engineers who inspected the property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. In 2008, roads and cart paths were segregated into a separate reserve fund. Estimated current replacement costs were updated in 2008 and include an annual inflation rate and interest income, net of taxes, on amounts funded for future major repairs and replacements in the Capital Reserve Fund. Other common property and major equipment components are reviewed annually by the Public Works Committee and staff.

The following information is based on the 2008 review and a 2009 insurance appraisal review, and presents significant information about the components of common property. Amounts are rounded to the nearest thousand dollars.

### 2010 EXPECTATIONS

**Governmental Affairs**

We will continue to focus on the timely replacement of the Skidaway Narrows drawbridge with a fixed bridge. In addition, we will work with the Governmental Affairs Committee on how best to partner with the County and other agencies for assistance in ordinance enforcement and permitting processes. Finally, we will review such topics as the potential incorporation of Skidaway Island.

**Community Events**

LandingsFest on the Green will continue to be the Association’s major community event for the year. In addition, the Community Relations Department will plan and execute the Marinas’ Grand Opening celebration in 2010.

### STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>TLA E-Mail Bulletin Subscribers</td>
<td>3,391</td>
<td>3,049</td>
</tr>
<tr>
<td>TLA E-Mail Bulletins Distributed</td>
<td>147</td>
<td>192</td>
</tr>
<tr>
<td>Landings Journal Surveys Conducted</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Commercial Decals Processed</td>
<td>2,474</td>
<td>3,390</td>
</tr>
<tr>
<td>Frequent Visitors Processed</td>
<td>620</td>
<td>642</td>
</tr>
<tr>
<td>Photo Identifications Processed</td>
<td>234</td>
<td>198</td>
</tr>
<tr>
<td>RV Spaces Managed</td>
<td>155</td>
<td>155</td>
</tr>
</tbody>
</table>

### GOVERNMENTAL AFFAIRS

- **Chair**: Thomas Sharp
- **Board Liaison**: Cliff Lindholm
- **Staff Liaisons**: Karl Stephens, Charles Scobee, David Willsie

### BRIDGE

- **Chair**: Thomas Sharp
- **Board Liaison**: Cliff Lindholm
- **Staff Liaisons**: Karl Stephens, Charles Scobee, David Willsie

### INFORMATION TECHNOLOGY

We will continue to make minor improvements to our new database in 2010, while also incorporating expanded functionalities, such as work orders and the architectural review process.

### COMMUNITY EVENTS

**Landings Fest on the Green**

The Association’s major community event for the year. In addition, the Community Relations Department will plan and execute the Marinas’ Grand Opening celebration in 2010.

### BRIDGE

- **Chair**: Thomas Sharp
- **Board Liaison**: Cliff Lindholm
- **Staff Liaisons**: Karl Stephens, Charles Scobee, David Willsie

The following information is based on the 2008 review and a 2009 insurance appraisal review, and presents significant information about the components of common property. Amounts are rounded to the nearest thousand dollars.
## Community Relations

### Mission Statement
The mission of the Community Relations Department is to provide timely information and services, mainly to external customers, while also providing and servicing the information technology backbone for the Landings Association. The Department consists of the Communications Program, the Information Services Center Program, and the Information Technology Program.

### 2009 HIGHLIGHTS

#### Department Reorganization
Due to fewer customer interactions, especially in commercial barcode sales with the lower building activity, an Office Manager was eliminated in 2009, and the Information Technology function was outsourced. In addition, a portion of the former Community Development Department’s workload was shifted to the Community Relations Department, allowing more seamless, one-stop shopping for our customers.

#### Bridge and Road Project
We have continued working with the Bridge Committee and various officials to speed the replacement of the bridge and road work, to provide input as we can on the aesthetics, to work on emergency plans should our current bridge become impassable; and to report back to the Board and the community on the same. This included our annual Landings Political Roundtable, where we discussed this topic and others with our local, state, and federal representatives. This project now has received funding, and a contractor has been selected. The new, fixed bridge is scheduled to be installed and operational before the end of 2012.

#### Communication Improvements
Upgrades continue to be made to the Association’s www.landings.org website, to respond to user requests and provide better functionality. In addition, a Twitter account has been established to provide timely messages about bridge disruptions to users’ cell phones (in addition to E-Mail Bulletins, as before).

### Supplementary Information on Major Repairs & Replacements

<table>
<thead>
<tr>
<th>Components</th>
<th>Estimated Remaining Use Life (Years)</th>
<th>Estimated Current Replacement/Repair Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Facilities</td>
<td>1 to 20</td>
<td>$123,000</td>
</tr>
<tr>
<td>Automatic Gates</td>
<td>1 to 13</td>
<td>$421,000</td>
</tr>
<tr>
<td>Backhoe</td>
<td>5</td>
<td>$80,000</td>
</tr>
<tr>
<td>Cart Bridges</td>
<td>2 to 27</td>
<td>$3,121,000</td>
</tr>
<tr>
<td>Delegal Structure</td>
<td>35</td>
<td>$821,100</td>
</tr>
<tr>
<td>Dock Boxes and Power Pedestals</td>
<td>3 to 14</td>
<td>$106,300</td>
</tr>
<tr>
<td>Dock Piling</td>
<td>18 to 19</td>
<td>$30,000</td>
</tr>
<tr>
<td>Dock Utility Tethers</td>
<td>6</td>
<td>$30,000</td>
</tr>
<tr>
<td>Entrance Signs</td>
<td>0 to 14</td>
<td>$130,000</td>
</tr>
<tr>
<td>Field/Park Rehabilitation</td>
<td>7 to 10</td>
<td>$130,000</td>
</tr>
<tr>
<td>Fixed Walkways</td>
<td>16 to 22</td>
<td>$460,000</td>
</tr>
<tr>
<td>Floating Dock Through-rods</td>
<td>5 to 14</td>
<td>$159,000</td>
</tr>
<tr>
<td>Floating Docks</td>
<td>14</td>
<td>$1,900,000</td>
</tr>
<tr>
<td>Forklifts</td>
<td>4 to 7</td>
<td>$450,000</td>
</tr>
<tr>
<td>Front-end Loader</td>
<td>3</td>
<td>$50,000</td>
</tr>
<tr>
<td>Fuel Tanks</td>
<td>9 to 14</td>
<td>$64,000</td>
</tr>
<tr>
<td>Gangways</td>
<td>14 to 15</td>
<td>$58,000</td>
</tr>
<tr>
<td>Gate Facilities</td>
<td>0 to 32</td>
<td>$77,000</td>
</tr>
<tr>
<td>Gate Irrigation and Drainage Systems</td>
<td>1 to 26</td>
<td>$274,000</td>
</tr>
<tr>
<td>Harbor Boat Elevators</td>
<td>1 to 7</td>
<td>$236,000</td>
</tr>
<tr>
<td>Harbor Dredge</td>
<td>8</td>
<td>$300,000</td>
</tr>
<tr>
<td>Harbor Dry Stack Storage</td>
<td>17</td>
<td>$450,000</td>
</tr>
<tr>
<td>Harbor Electrical Transformer</td>
<td>27</td>
<td>$40,000</td>
</tr>
<tr>
<td>Harbor Seawall</td>
<td>18</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>Harbor Tarmac</td>
<td>19</td>
<td>$65,000</td>
</tr>
<tr>
<td>Lagoon Dikes &amp; Structures</td>
<td>0 to 37</td>
<td>$1,686,650</td>
</tr>
<tr>
<td>Marsh Tower Observation</td>
<td>1</td>
<td>$90,000</td>
</tr>
<tr>
<td>Phone System</td>
<td>9</td>
<td>$50,000</td>
</tr>
<tr>
<td>Public Works Facilities</td>
<td>13 to 15</td>
<td>$120,000</td>
</tr>
<tr>
<td>Road Bridges</td>
<td>27 to 58</td>
<td>$3,776,000</td>
</tr>
<tr>
<td>Roads</td>
<td>0 to 27</td>
<td>$11,881,000</td>
</tr>
<tr>
<td>Storm Drain Pipes</td>
<td>1 to 71</td>
<td>$33,903,000</td>
</tr>
<tr>
<td>Street Sweepers</td>
<td>0 to 5</td>
<td>$200,000</td>
</tr>
<tr>
<td>Sunset Pavilion Flooring</td>
<td>7</td>
<td>$20,000</td>
</tr>
<tr>
<td>Trails</td>
<td>0 to 8</td>
<td>$2,737,000</td>
</tr>
<tr>
<td>Vacuum Jetter Truck</td>
<td>4</td>
<td>$150,000</td>
</tr>
<tr>
<td>Video Monitoring</td>
<td>1 to 14</td>
<td>$203,000</td>
</tr>
</tbody>
</table>

$65,692,050
2010 EXPECTATIONS

Staffing Change

A new Community Development Manager will be hired to replace the departing Administrator, who moved away from the area at the end of 2009.

Architectural Review

We will continue to evaluate the review process through follow-up interviews, proactive education efforts, and analysis and addressing of reasons for no-first pass success.

Development

The Association’s website will continue to be updated to provide information and links for resources such as home maintenance, repair, and renovation. Community outreach will be ongoing through educational seminars, articles in The Landings Journal, and personal consultations.

| STATISTICS |
|---|---|
| 2009 | 2008 |
| Total Lots: | 4,422 | 4,422 |
| Total Homes Completed: | 3,986 | 3,953 |
**Community Development**

**Mission Statement**
The mission of the Community Development Department is to strengthen the long-term competitive position of The Landings by maintaining, protecting, and improving a fundamental community asset – its quality housing stock. The Department consists of the following programs: Architectural and Development. Each program area fulfills a specific role to support the strategic objectives of the Department; to ensure adherence to and consistency with the architectural standards of The Landings and compliance with the General Declaration of Covenants and Restrictions of The Landings Association; and to support reinvestment in homes.

**2009 HIGHLIGHTS**

**Department Reorganization**
Due to decreasing demand for services with the downturn in the economy, the Community Development Department was reorganized in 2009. One of the two inspector positions was eliminated, and the Covenant Compliance role was shifted to the Security Department.

**Architectural Review Process Improvement**
We increased the amount of pre-review meetings with residents and contractors in order to identify potential problem areas and increase chances of first-pass success. In addition, the Architectural Appeals Board was created, giving residents an additional opportunity to appeal the Architectural Review Committee’s decisions.

**Lawn and Landscape Expo**
The Development Committee, in conjunction with the Community Development Department, hosted the first event to combine landscape contractors and residents. This event also sparked a competition that selected four yards for new landscape plans and installations, as chronicled in The Landings Journal.

**Communications**
The Landings Association’s website (www.landings.org) was updated to include additional architectural and development resources. In addition, monthly columns regarding lawn and landscape tips began appearing in The Landings Journal.

**OTHER SUPPLEMENTARY INFORMATION: DETAILED ASSOCIATION AND MARINA FINANCIAL RESULTS**

Excludes Equity in and Results of Operations of The Landings Company
Balance Sheets

<table>
<thead>
<tr>
<th>Operating Revenue</th>
<th>Operating Expenses</th>
<th>Operating Income</th>
<th>Non-Operating Income</th>
<th>Total Income</th>
<th>Net Income</th>
<th>Landings Association Department Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,248,429</td>
<td>$5,390,954</td>
<td>$2,857,475</td>
<td>$10,534,431</td>
<td>$13,391,908</td>
<td>$1,494,433</td>
<td>Shari Haldeman General Manager/Chief Operating Officer</td>
</tr>
<tr>
<td>$1,620,792</td>
<td>$949,250</td>
<td>$671,542</td>
<td>$1,632,294</td>
<td>$2,263,586</td>
<td>$502,292</td>
<td>Ken Durden Architectural Administrator (former)</td>
</tr>
<tr>
<td>$3,627,637</td>
<td>$1,841,446</td>
<td>$1,786,191</td>
<td>$3,673,938</td>
<td>$4,458,129</td>
<td>$784,292</td>
<td>Karl Stephens Chief Administrative Officer/Finance Director</td>
</tr>
<tr>
<td>$1,055,350</td>
<td>$529,850</td>
<td>$525,500</td>
<td>$1,080,850</td>
<td>$1,186,350</td>
<td>$95,500</td>
<td>Bryan Deal Marinas Business Manager</td>
</tr>
<tr>
<td>$2,392,089</td>
<td>$1,459,500</td>
<td>$932,589</td>
<td>$2,392,089</td>
<td>$2,392,089</td>
<td>$0</td>
<td>David Willsie Chief of Security</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$0</td>
<td>Paul Kurilla Public Works Director</td>
</tr>
</tbody>
</table>

NOTE: The accompanying Notes to Financial Statements are an integral part of these financial statements.
Dear Residents,

2009 represented the first year of the property owner-approved 2009-2011 Assessment Plan. That Plan was developed through collaboration with residents, the Board of Directors, Association Committees, and employees. It represents our commitment to continue to meet our residents’ highest priorities as reflected in the 2006 and 2007 community surveys, two community workshops, and a series of resident discussion groups during development of the three-year Assessment Plan. The primary focus continues to be improving services, infrastructure, safety, road repair, landscape services, and street sweeping; improving grounds, facilities, and lagoons; and protecting and improving our infrastructure.

The fiscal reality of the global economic recession has created both challenges and opportunities for the Association. The 2009 TLA Operating Fund revenue was $290,000 less than budget, almost entirely in non-assessment revenue sources. Our primary revenue source, the Assessment Fees paid by property owners, is stable at the present time, with delinquency accounts at only 1.5%. The 2010 budget projects total revenue of $6,483,023, a $210,198 increase over 2009, which reflects the voter-approved increase in the non-assessment amount, as non-assessment revenues continue to decline.

Architectural plan review revenue declined by more than half in 2009 along with the national collapse in the housing and credit markets, as new residential construction and investment in remodeling and renovation curtailed. These same factors, coupled with reduced consumer spending, also negatively impacted contractor gate fee revenues.

The warning signs were acknowledged, and the 2009 budget was adjusted to reflect these signals. Association employees and I are keenly aware of our obligation and responsibility to exercise sound fiscal judgment to ensure the financial health of our community. We are committed to continuing to meet our residents’ highest priorities as reflected in the 2006 and 2007 community surveys, two community workshops, and a series of resident discussion groups. As we move forward, we will continue to provide the services, infrastructure, safety, road repair, landscape services, and street sweeping; improving grounds, facilities, and lagoons; and protecting and improving our infrastructure.

The year-end analysis continues on page 22.
## Statements of Cash Flows

### Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Year-end Analysis</th>
<th>Department Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Community Development</td>
</tr>
<tr>
<td></td>
<td>Community Relations</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
</tr>
<tr>
<td></td>
<td>Human Resources/Org Effectiveness</td>
</tr>
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### Cash Flows from Investing Activities

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### Cash Flows from Financing Activities

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### Notes to the Financial Statements

- General Notes
- Supplementary Information
- Detailed Association & Marina Financials

Together we are making a difference.
The Landings Association enjoyed an exceptional year in 2009. Despite some anticipated and realized economic challenges, reflected in the financial report, our anticipated revenues were sufficient to meet expenses as well as provide for the contribution to the reserve fund.

The staff continued to flourish under the leadership of our General Manager, Shari Halde man. Her leadership efforts resulted in the continued growth of several of our managers, especially Karl Stephens, who assumed additional duties during the past year, and Paul Kurilla, whose experience as the director of Public Works has enabled that department to meet many challenges which are inevitable with the vast diversity of property and equipment. The Association also was able to make personnel changes and adjustments consistent with the needs of the organization and the abilities of the employees. Unfortunately, our Security Chief retired, but his presence in the final two quarters of the year allowed a smooth transition to our new Chief, David Willis, who as the point person for all security and safety issues has been an effective addition to our community.

The bridge is getting closer to the initiation of construction, we survived another hurricane season without incident, the drought has ended at least for the short term, we still cannot effectively dredge the channel at Delegal Marina, and we have seen the repair of the Marsh Tower and the beginning of repairs to the Delegal Marina. The latter two projects are being completed on schedule, and with appropriate cost considerations.

As with every annual report, we experience transition. The Board appreciates the efforts and work of Cliff Lindholm and Chris Savage for their three-year terms. I have enjoyed my two years at the helm and am confident the Association is in good and competent hands with the new officers, under the direction of my successor, John Sobke. Finally, I truly appreciate all of your kind thoughts and comments the two past years, and the confidence you have shown to our organization and leadership.

Gary Bross
President
The Landings Association
The Landings Association, established in August 1972, is a non-profit corporation formed to promote the health, safety, and welfare of the residents of The Landings on Skidaway Island. Every person or entity who is an owner of record in any lot or living unit which is subject to covenants of record is a member of the corporation (Association). The Landings Association owns, operates, and maintains the common properties and facilities, and provides security services within the community.