We’ve closed out another successful year at The Landings Association and in our community. The Association’s Board is very appreciative of the work of the staff. We are very lucky to have such a high-level professional organization and live in a debt-free community. Highlights of the year follow.

The Property Owners’ Association Act (the Act) was enacted at The Landings after a successful vote in the early part of 2013. The Act solves nagging governance and Assessment collection problems and opens the door for future governance modernization. Later in the year, more than 1,600 of you responded to our survey to understand your preferences about future Covenants changes. You can expect to hear more about our Covenants in 2014.

In 2013, the Board voted to approve a plan to re-structure the two marinas into a consolidated amenity for capital replacement, including the elimination of the interfund loans to the Marinas. The long-term plan includes shifting some future required capital expenditures from Delegal Marina to Landings Harbor. Delegal Marina’s ambiance will be maintained, although with fewer slips by 2022. Capital shifted into Landings Harbor will be used to fix operating and size constraints at that location. We believe this plan optimizes the assets we have, respects the love residents have for our marina locations, and deals with the realities of resourcing future capital requirements.

Recognizing that our water resources are the subject of regulation and conservation, the Board established two new committees to focus our efforts about water. The Water Strategy Committee is comprised of Board members and residents with particular expertise in water and regulatory issues. They are doing the heavy lifting for the Board to understand and recommend future strategy. At the grassroots level, we also established a Water Conservation Committee to assist with communication and programs that help residents make a real difference with water usage. Much of this work is being done in collaboration with The Landings Club and other entities on Skidaway Island. Water will remain a key strategic topic for years.

Landlovers granted funds for our new electronic exit signs. Thank you!

The PRIDE Program to recognize home and landscape improvements was introduced. Nine homes were recognized with awards in 2013.

Education about golf cart and multi-purpose path safety was emphasized, including with the creation of a golf cart safety video.

New Resident Welcome Receptions were held to provide orientation about our wonderful island home, all done collaboratively with The Landings Club and The Landings Company.

Of course, our new bridge is open, and the balance of the construction on 204 and Truman Parkway should be completed soon.

The Annual Report contains a wealth of information for you. I encourage you to read it cover-to-cover. All are welcomed at our Annual Meeting February 26, 2014 at 7 p.m. at Plantation Club Ballroom.
The Landings Association, established in August 1972, is a nonprofit 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.

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Dear Residents,

2013 marked another important governance milestone for The Landings Association, with the community vote to approve the Property Owners’ Association Act (POAA). Georgia associations that vote to adopt the POAA are not subject to Georgia code sections that prevent covenants changes from being applicable unless agreed to in writing by the owner of the affected property. As a result of this successful vote, any future covenants changes at The Landings will apply to all owners and residents when amendments are passed by the required 2/3 of all property owners.

This hurdle enabled the Association to focus on modernizing the covenants, and the Board of Directors determined that the process should proceed at a measured pace, be guided by community input, and address the most important issues first. Therefore, Landings property owners were surveyed in November 2013 to help determine which covenants issues are most important, whether those issues should be addressed by covenant changes, and, if so, what changes should be made. The survey results were published in The Landings Journal and on the Association’s website (www.landings.org), and the results will help determine those covenants issues that should be presented to the community for a possible referendum in 2014. The focus of covenants work in 2014 is to finalize a proposed set of initial changes for review with the community; finalize those changes after input; prepare a voting packet for a referendum; and conduct Town Hall meetings, Block Captain coordination, and a strong get out the vote campaign.

We also surveyed the community during 2013 to determine how well we are meeting expectations, where we can improve, and what we may be missing. The results indicated that overall satisfaction levels remain high with 98% agreement. In addition, 94% agreed or strongly agreed that “the services I receive are a good value for the assessment”. The strength of agreement increased by 7% over 2009, with 46% reporting that they “strongly agreed”. A notable trend in the results is a strong increase in the use of electronic communications, with use of TLA email bulletins and TLA website up 17% over 2009. Use of the Exit Message Boards was also up significantly (by 24%) over 2009. The complete results of the survey were posted on our website and reported in the Journal, including an Executive Briefing identifying the key findings. Each department developed plans to address opportunities for improvement based on the data the community provided through the survey.

Consistent with our operating philosophy of continuous improvement, several of our departments underwent transitions that improved operations and service delivery during 2013. We successfully integrated the Community Development Department reporting and functions into the Public Works Department to leverage the synergies of these functions. These changes enabled the same number of staff to manage a permit application and construction inspection workload that increased significantly over 2012 levels. In addition, a number of initiatives to shift assignments to improve operations and generate cost reductions were successfully implemented in the Community Relations Department. A new Security Director, Tim Cook, was hired in 2013 and immediately focused on a foundation of teamwork and accountability for service delivery, technology improvements, and fresh ideas based on security best practices used in gated communities throughout the nation. Our Association team also underwent a sorrowful transition with the loss of Cayce Girardeau, our Human Resources & Organizational Effectiveness Director since 2005. Cayce lost a long and valiant battle with cancer toward the end of 2013.

We continued our ongoing efforts to protect and improve our infrastructure. The voter-approved 2013-2015 Assessment Plan in 2012 enabled the Association to begin significant storm drain repair and replacement work in the oldest sections of the community. Storm drain repairs will continue throughout the community over the next 20+ years. Our annual program of planned asset replacements continued and included street repairs, cart path replacements, lagoon structure repairs and replacements, Landings Harbor tarmac repairs, floating dock repairs at both marinas, mailbox and sign repairs and painting, and video camera replacements. All of these replacement projects are planned and programmed through the framework of our 25-year Capital Asset Management Plan.
Much of the work summarized in the following pages is a direct result of the significant support and guidance of our numerous volunteers who serve on Association committees. The results achieved would not be possible without their continuing dedication to the community. Extra special thanks go to the Bridge Committee, under the leadership of Bill Merz, who continued the push for answers to the GDOT Skidaway Narrows Bridge replacement and provided informative articles updating the community.

Shari Haldeman
General Manager/COO
2013 Board of Directors

Milly Pitts-DiCicco
President

John Fitzgibbon
Vice President

Randy Stolt
Treasurer

Gary Herrman
Secretary

Neil Bader
Director

Brenda Day
Director

Dan DeGood
Director

John Fishburne
Director

Nancy Pavey
Director

Jim Rich
Ex-Officio

Landings Association Department Managers

Shari Haldeman
General Manager/
Chief Operating Officer

Karl Stephens
Chief Administrative Officer/
Finance Director

Cayce Girardeau
HR/Organizational Effectiveness Director

In Memoriam

Paul Kurilla
Public Works/Community Development Director

Blake Cole
Marinas Manager
EXECUTIVE
Milly Pitts-DiCicco, President
John Fitzgibbon, Vice President
Randy Stolt, Treasurer
Gary Herrman, Secretary

FINANCE & AUDIT
Randy Stolt, Chair
Neil Bader
Brenda Day
Dan DeGood
Joanne King
Nancy Pavey
Wim Salien
John Fishburne, TLCo Liaison
Karl Stephens, Staff Liaison
Judy Spooner, Staff Liaison
Shari Haldeman, Staff Liaison

GOVERNANCE
John Fitzgibbon, Chair
Neil Bader
Brenda Day
Dan DeGood
Nancy Pavey
Randy Stolt
Shari Haldeman, Staff Liaison

POAA
John Fitzgibbon, Chair
Neil Bader
Chuck Beck
Anita Clos
Joyce Conant
Brenda Day
Joyce Glenn
Joanne King
Nancy Pavey
Hank Policinski
Chris Savage
Mal Welch
Shari Haldeman, Staff Liaison
Karl Stephens, Staff Liaison

STRATEGIC PLANNING
Gary Herrman, Chair
Neil Bader
Brenda Day
Dan DeGood

John Fishburne
John Fitzgibbon
Nancy Pavey
Milly Pitts-DiCicco
Randy Stolt
Jim Rich, Ex-Officio
Shari Haldeman, Staff Liaison

COMMUNICATIONS
Joyce Glenn, Chair
Michael Auen
Anita Clos

ARCHITECTURAL REVIEW
Bill Haeger, Chair
Walt Bazemore
Jeff Blaisdell
Deborah Chiles
Bob Fischer
Paul Henderson
Noel Ruppert
John Fishburne, Board Liaison
Paul Kurilla, Staff Liaison

STANDING COMMITTEES

STANDARDS COMMITTEE
Gary Herrman, Chair
Neil Bader
Brenda Day
Dan DeGood

John Fishburne
John Fitzgibbon
Nancy Pavey
Milly Pitts-DiCicco
Randy Stolt
Jim Rich, Ex-Officio
Shari Haldeman, Staff Liaison

JOYCE CONANT
Alex Harwood
John Kosiewicz
Chris Savage
Don Schoenwald
John Szlasa
Rosemary Longueira, TLCo Liaison
Gary Herrman, Board Liaison
Karl Stephens, Staff Liaison
Lynn Lewis, Staff Liaison

DEVELOPMENT
Hank Policinski, Chair
Tim Andrews
Hal Duensing
Joanne King
Susan Klein
Ronald Medinger
Carolyn McInerney
Jeanie Schwier
Ray Suelflow
Peggy Utley
Brenda Day, Board Liaison
Paul Kurilla, Staff Liaison

MARINAS
Jamie Chisolm, Chair
David Angell
Denise Cunningham
Ann Geraghty
George (Pat) Howard
Victor Vaccaro
Neil Bader, Board Liaison
Blake Cole, Staff Liaison

PUBLIC WORKS
Bob Egan, Chair
Blake Caldwell
Richard Cunningham
Bill Foster, Sr.
David Grosse
Bob Meng
Kathy Siler
Ronald Weber
Dave Devore, CCA Liaison
Dan DeGood, Board Liaison
Paul Kurilla, Staff Liaison

SECURITY
Robert Turner, Chair
Kathleen Feron
George Jorgenson
Robert Longueira
Jim Murray
Chris Savage
Don Schoenwald
Dan DeGood, Board Liaison
Tim Cook, Staff Liaison

SPECIAL COMMITTEES

BRIDGE
Bill Foster, Sr.
Bill Merz
Russ Peterson
Howard Stryker
Paul Kurilla, Staff Liaison
Karl Stephens, Staff Liaison

DOG PARK
Blake Caldwell, Chair
Joyce Eddy
Constance Goodwin
Kathi Pelliccione
Doug Rangeley
Beth Roth
Ingrid Poppell, Staff Liaison

INSURANCE
Jack Coderre
Kent Urness
Mike Walters
Karl Stephens, Staff Liaison
Shari Haldeman, Staff Liaison

WATER CONSERVATION
Chuck Hartman, SkIO
Holly Holdsworth, State Park
Ron Medders, Utilities, Inc.
Jim Murray, SSFD
Steven Freund, TLC
Val Stolt, Skidaway Audubon
Weldon Streett, The Marshes
Jan Wright, Landlovers
Sean Burgess, Staff Liaison

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Sean Burgess, Staff Liaison
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 -- our quality housing stock. The department consists of the following programs: Architecture 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 private property.

2013 HIGHLIGHTS

Home Expo and Tour

In March 2013, the Community Development Department and Development Committee held a Home Tour and Exposition that was extremely well attended by residents. The Expo was held in the Plantation Ballroom and featured the work and services of approximately 30 vendors, including contractor services, landscapers, designers and realtors. Simultaneously, a tour of 17 homes throughout the community was held, displaying projects completed by many of the Expo vendors and contractors. The Home Tour was a showcase of renovation projects, as well as new construction and landscape design.

Department Staffing

In 2013, Community Development was reorganized to include two Plan Review Administrators/Inspectors, with management and supervision provided by the Public Works/Community Development Director. This organizational change has improved the communication with customers and contractors as well as the processing of applications. Restructuring has also allowed the Community Development Department to better maintain and track resident and contractor information in a working database, along with other responsibilities within the department. In addition, these employees will assist with the planning and implementation of educational events and serve as staff liaisons to the Architectural Review Committee and Development Committee.

Architectural Review

The Architectural Review Committee (ARC) maintained its schedule of two meetings per month, which creates a more efficient and effective turnaround time from permit application to formal approvals and Chatham County Permits. Pre-review meetings with residents, consultants, and contractors continue to be promoted and encouraged in order to identify alternatives to potential problem areas and increased chances of first-pass success. The consulting landscape architect continued to be contracted to review proposed landscape plans. The role of consulting architect has been replaced by the Plan Review Administrators/Inspectors and architects serving on the ARC.

2013 Construction Activity

In 2013, the Community Development Department experienced a significant increase in construction activity. In 2012, six new homes were built in the community, compared to 25 in 2013. In addition, a significant increase was experienced in renovation and remodeling activity, almost double over 2012 permits. The overall revenues received in 2013 increased by $72,594 from 2012. Based on the new structure of the department, the existing staff were able to handle this increased workload without increasing the overall headcount of the department over the prior year.

PRIDE Program

In response to the Board Strategic Goal to enhance property values, staff and the Development Committee established a new program entitled Landings PRIDE (Property Renewal Initiative with Direction and Education). The goal of the program is to encourage residents to improve their property in order to maintain attractive and well-
kept community and enhance property values. The Landings PRIDE program has several key components: self-assessment for private property owners; informative articles; and a quarterly recognition award for residents with the best general maintenance improvements, remodels or renovations, landscaping or gardens, and environmentally-sensitive improvements. The ultimate goal of the program is to encourage residents to improve the maintenance of their properties and recognize those who have done so.

2014 EXPECTATIONS

Architectural Review
The Architectural Review Committee (ARC) will maintain its schedule of two meetings per month, which creates a more efficient and effective turnaround time from permit application to formal approvals and Chatham County Permits. Pre-review meetings with residents, consultants, and contractors continue to be promoted and encouraged in order to identify alternatives to potential problem areas and increased chances of first-pass success. In 2014, staff will transition all contracted landscape services from a consulting architect to the Association’s Environmental Resources Manager in an effort to improve further turnaround time and customer service.

Community Development
It is estimated that 12 new home sites will be constructed within the community in 2014 and 1,000 construction inspections will be required for compliance with the approved plans and posting of permits and onsite meetings with residents and contractors.

In 2014, staff will be working on the following initiatives in support of the Board’s Strategic Plan Goals:
• Improve customer service and communications with all residents, realtors, and contractors.
• Assist the Development Committee with the spring Landscape Expo.
• Assist the Development Committee with the PRIDE program.

Communications
In 2014, some of the key projects will include continued work on website enhancements, vendor training, and community education and outreach efforts. The Landings Association’s website (www.landings.org) will continue to be updated to provide links to useful external resources related to renovation and redevelopment activity. Community outreach will be accomplished through initiatives such as educational seminars, a Lawn and Landscape Expo, newsletter articles, and personal consultation through a combination of committee and staff efforts.

Improve Customer Service
Overall, the department has increased satisfaction within the community since 2009, especially within the Architectural Review Committee. In 2014, staff, in conjunction with the Architectural Review Committee, will focus on increasing customer service by working with owners, contractors, and permitees to develop further our processes to drive customer satisfaction.

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Lots</td>
<td>4,420</td>
<td>4,420</td>
</tr>
<tr>
<td>Total Homes Completed</td>
<td>4,020</td>
<td>3,995</td>
</tr>
<tr>
<td>Number of Reviews / Permits Issued:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• New Home Construction</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>• Additions/Alteration to Existing Homes</td>
<td>404</td>
<td>215</td>
</tr>
<tr>
<td>• Dumpsters/PODs/Land Clearing</td>
<td>174</td>
<td>93</td>
</tr>
</tbody>
</table>
Community Relations

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.

2013 HIGHLIGHTS

Community Survey Results

In 2013, The Landings Association contracted with an outside firm to conduct a community survey. Below are some highlights as they relate to the Community Relations Department.

- Customer Service Staff received a satisfaction score of 98%, up 1% since 2009. As well, the top score (Very Satisfied) increased from 34% in 2009 to 52%.
- Satisfaction with internal communications (i.e., how you find out about things at The Landings) has increased 2% since 2009, to 97%.
- For The Landings Journal, the satisfaction score remained at 98%. The top score (for Very Satisfied) increased from 53% in 2009 to 59%.
- For the Residential Directory, the satisfaction score remained at 99%.
- Website usage is up 17% since 2009 to 82%. The top score (for Frequently use), is up 12% since 2009, to 38% in 2013. The satisfaction scores for the website remained at 97% but saw an increase from 36% for Very Satisfied in 2009 to 55% in 2013.
- The usage of Email Bulletins is up 17% since 2009, to 93%. The top score (for Frequently use), is up 18% since 2009, to 73%. Satisfaction with Email Bulletins remained at 98% but saw an increase from 49% for Very Satisfied in 2009 to 67% in 2013.

Organizational Changes

In 2013, the Community Relations Department changed our outsourced graphics artist to a local provider, allowing for cost savings, improved efficiencies, and a fresh new look at our communications media. We also insourced our photographic needs to one of our Community Relations Representatives, while simultaneously soliciting residents of The Landings for their images, resulting in cost savings as well as a dramatic increase in our “stock” Landings art library for our publication needs. Additionally, we re-tasked one of the Community Relations Representative’s roles to focus more on communications efforts, while still serving as backup for front desk needs.

Community Communications

In 2013, we moved our printing of the monthly Landings Journal newsletter to The Savannah Morning News, resulting in a 50% savings in printing costs (almost $15,000/year). In addition, we realized an increase of 50% in ad sales. Those items, coupled with the change in graphics artists, resulted in a dramatic narrowing of the net loss for producing the Journal each month, down to approximately $8,500/year.

We continued our push to increase the number of our Email Bulletin subscribers. We now have at least one email address for 85% of our owners (vs. 81% to start 2013). This effort will continue in 2014.

We also continued the efforts begun in the fall of 2012 to produce and distribute a weekly E-Newsletter. These weekly updates have been well received. Community Survey results from 2013 reveal almost 80% of residents prefer to receive their information electronically.

We continued to make targeted use of the Association’s Facebook and Twitter accounts, with plans to continue the same in 2014. An Association YouTube channel was begun, with its first video being a Golf Cart Safety Video that was a joint production effort of The Landings Association and The Landings Club.
Community Relations

Community Communications supported the creation of the Property Owners’ Association Act Vote in the spring of 2013, which ultimately was successful. This vote continued the trend of allowing online voting, with 39% of owners using that option (up from 25% from the year before, during the Assessment Vote).

Bridge and Road Project
Throughout 2013, we continued working with the Association’s Bridge Committee and various elected and appointed officials to monitor the replacement of the Skidaway Narrows drawbridge with a fixed bridge, as well as the widening of Whitefield Avenue. The new bridge began service in 2013.

Community Events
Special events organized or assisted by the department include the annual LandingsFest on the Green, Landings Night with the Sand Gnats, monthly Delegal Marina Cookouts during the season, and Town Hall Meetings, including several related to the Property Owners’ Association Act proposal, as well as the Association’s Annual Meeting and a Hurricane Town Hall Meeting. Such events foster community camaraderie and fellowship while establishing an atmosphere where residents can familiarize themselves with The Landings Association and its amenities and services. Sponsorships help defray the production costs of some of these events, and we will work to gain additional sponsors in 2014.

Community Relations
The department coordinates governmental outreach, such as an Annual Landings Roundtable, as well as other meetings and encounters with elected and appointed officials, including such activities as Chamber of Commerce functions. This outreach helps The Landings when support from elected or appointed officials is required, and also promotes the community in the regional public eye for community goodwill and marketing.

In 2013, we partnered with The Landings Club and The Landings Company to restart the New Owner Receptions. These were well attended and received very positive responses. We plan to hold four such events in 2014.

Information Technology
In the summer and fall of 2013, we began exploring moving our internal database to a new vendor, which also would allow such functions as an “app” for residents to schedule guest passes. This transition is budgeted to occur in 2014. Simultaneously, we plan to increase our usage of our Geographic Information System (GIS) software, to help us graphically view data and respond in a more effective manner.

In addition, in 2013, we purchased tablet computers for various staff, to make them more efficient in meetings and in the field.

Photo by Erica Kersey
2014 EXPECTATIONS

Bridge and Road Project
The Bridge Committee will continue to monitor the removal of the Skidaway Island drawbridge, as well as the widening of Whitefield Avenue, both of which are scheduled to be completed in 2014.

Community Communications
In early 2014, four electronic message boards were installed at several gates, replacing the current, manually-updated boards. These boards will allow multiple community groups to reserve space each day, as well as allow for the timelier display of information. The Information Services Center will be responsible for scheduling and inputting such messages.

In 2012, we began conducting website training classes for interested residents, guiding them through the Association’s website and providing the needed support. We plan to continue such classes in 2014, as well as create a web-based training video. A Website Subcommittee of the Communications Committee will continue helping us shape our website to make its information as easily accessible as possible.

Community Events
In 2014, support will be provided for the planned Covenants Modernization education campaign and vote, as well as for continued monthly cookouts during the season at both marinas.

IT Upgrades
We plan to replace our custom-designed access control software with an off-the-shelf solution providing more features and flexibility. This system will incorporate both software and hardware, and will integrate the major functions of the Association.

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Owners with Email on File</td>
<td>85%</td>
<td>81%</td>
</tr>
<tr>
<td>Association E-Mail Bulletins Distributed</td>
<td>235</td>
<td>249</td>
</tr>
<tr>
<td>Facebook Posts</td>
<td>92</td>
<td>132</td>
</tr>
<tr>
<td>Tweets</td>
<td>54</td>
<td>47</td>
</tr>
<tr>
<td>Barcodes Processed</td>
<td>4,095</td>
<td>3,329</td>
</tr>
<tr>
<td>Percent Board Election Turnout</td>
<td>49%</td>
<td>49%</td>
</tr>
</tbody>
</table>
Finance

Finance Mission Statement

The mission of the Finance Department is to manage prudently The Landings Association’s financial resources, safeguarding assets; to assure compliance with applicable laws and policies governing financial transactions; to research and provide sound investment strategies; to build strong financial relationships; to provide superior customer service; and to provide timely and accurate information about The Landings Association’s financial position, including technical support. The major programs provided are Accounting and Assessments Collection, Financial Management and Reporting, and Insurance and Risk Management.

2013 HIGHLIGHTS

Billing

On an annual basis, 4,418 Assessment statements are sent to property owners in January. In addition, we process more than 500 electronic ACH bank payments each quarter for those owners who chose the quarterly payment plan. On a monthly basis, the department generates the following invoices: Marina monthly storage and sales statements, Service Agreement statements to the Club, Landings Journal advertiser statements, resident mailbox/gate repair statements, and miscellaneous vendor repair invoices. In 2013, we transitioned to electronic statements for all marina charges. Each year, the Finance Department must write off a portion of Annual Assessments that we deem as “uncollectable”. However, the Finance Department continues the collection process, even on prior-year bad debts. In 2013, working in conjunction with a collections attorney, the department collected more than $18,000 in prior-year Assessments. This brought the net “bad debt write-off” to $5,500 for 2013…the lowest it has been in more than five years.

Accounting

The department is responsible for auditing and depositing daily cash receipts from the reception desk, security gate, and marina activities. These include vehicle and Dog Park registrations, which average $1,800/day; daily pass fees, which average $900/day from the North Gate; and retail operations at the Marinas, which average $500/day, including gas sales.

Checks, direct debit, and credit card payments equating to $150,000, are issued bi-weekly.

Payroll is administered in-house, which equates to approximately 75 paychecks every two weeks, totaling about $99,000. The 401k program for the Association is administered each paycheck by the Finance Department, and reports are produced annually to meet Internal Revenue and Department of Labor guidelines. Other employee benefits such as health, dental, and life insurance are paid by the Finance Department based on information received from the HR Department.

The department maintains and depreciates a ledger containing more than 765 personal assets, worth a net book value of more than $5,200,000. Personal assets are items over $1,000 that can be depreciated and resold by the Association.

Financial Management

This function provides 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, as well as the Marina Strategic Plan that will be implemented in 2014, and annual operational and capital budgets. Extensive work was completed to analyze and review various options for both marina locations for the short and long terms. The department continued to invest available funds in accordance with Board policy. The accuracy of the Association’s financial statements for 2013 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 material recommendations.
Insurance and 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; understanding the areas of potential exposure; having general knowledge of the insurance market; monitoring losses; and holding training sessions.

2014 EXPECTATIONS

The Finance Department put in place several software updates to increase efficiency in accounts payable on January 1, 2014. At mid-year, we will be updating our company-wide financial software to take advantage of the technological advances that have occurred over the past five years. As in prior years, we will continue the ongoing review of all policies and procedures to determine what changes, if any to implement.

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable Checks Produced</td>
<td>4,127</td>
<td>4,250</td>
</tr>
<tr>
<td>Payment Checks/ACH/Cash Deposits Processed</td>
<td>11,458</td>
<td>10,009</td>
</tr>
<tr>
<td>Property Transfers Processed</td>
<td>305</td>
<td>279</td>
</tr>
</tbody>
</table>

Photo by Donald Hands
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.

2013 HIGHLIGHTS

Recruiting and Retention

Total (12-month rolling average) turnover for 2013 was 27% (representing 12 fulltime and four part-time employees). Twelve of the departures were resignations, three were terminations, and one was a death. Our goal for 2013 was to keep turnover below 18%. These results did not hit our turnover goal, but were below our 2012 total number of 37%. We will continue to focus on this area in 2014. During the year, The Landings Association hired 13 fulltime and three part-time employees, with 88% beginning work in less than 60 days from the opening of the position. (Average time to fill was 34 days.) These hires included key personnel in Community Development, Public Works (Building/Grounds Manager), and a Security Director.

Organizational/Individual Development

Our employees must meet specific training/development requirements in order to receive a related portion of their bonus. This has encouraged employees to improve their technical and non-technical skills. We were able to offer free, online training sessions for all employees in areas ranging from safety to customer service. Supervisory training was also provided, with an internal series of nine courses based on the ICMA’s Supervisory Skills. We also continued learning sessions based on our Vision and Values. In this program, cross-functional groups discussed each topic and learned from each other. A High Performance Organization education session was one of the topics covered so that all employees are grounded in our performance culture.

In the first quarter, the Gallup employee engagement survey was conducted along with a survey on ethical behavior. Results overall were positive, and each Department Manager reviewed them with their employees to gain additional insight.

During 2013, formal succession planning was initiated to conduct a thorough assessment of talent within the organization to determine the level of readiness for growth or replacement within our current workforce. The objectives included evaluating the growth potential and current performance level of employees and their development needs, determining any potential “key succession gaps”, identifying potential successor candidates for leadership positions, and identifying any organizational issues and developing plans to address those issues. Plan implementation will continue into 2014.

Total Compensation/Benefits

Monitoring of our retirement plan and all other benefits continues to indicate that the Association is competitive within the Savannah market. Currently, 88% of all eligible employees participate in our 401(k) plan, and 84% of eligible employees participate in our medical insurance plan. Our relationship with Fidelity (401) and Seacrest Partners (started in 2011) continues to be strong. We moved to Blue Cross Blue Shield in 2012, and our renewal plan options and rates continue to be very good. As a result, the Association has been able to maintain good quality coverage for our employees at reasonable rates. The Landings Company’s employees were added to our medical plan for 2013 (the Company and its employees pay the cost for their health plans), and they have been satisfied with the change.
Human Resources / Organizational Effectiveness

In 2013, we participated in two local area gated community salary surveys. We also monitored local competitor organizations as part of a comprehensive review of Association employee pay. With few exceptions, the Association pay is market competitive with other gated community associations as well as government agencies, with only some adjustment to our market values and very few adjustments to individual positions.

Workplace Culture

Landings Association employees continue to focus on creating a culture of high performance, emphasizing organizational values of employee imitative, ownership, and accountability throughout the organization. Cross-functional teams of employees at all levels of the organization led efforts in areas such as wellness, events planning, and environmental management. Another team, the Food and Beverage team, organized and managed monthly cookouts at Delegal and Landings Harbor. This team successfully conducted 10 cookouts and managed the annual LandingsFest on the Green, and helped with HarborFest and “Weekend on the Waterfront”.

Recruiting and Retention

Our focus in 2014 will be on filling the vacant HR/Organizational Effectiveness Director position. Our long-time Director and highly valued friend and team member, Cayce Girardeau, lost her long battle to cancer in 2013. As well, we will work to reduce our percentage of turnover and improve our interviewing processes. Training in Behavior Based Interviewing for all staff who participate in interviewing candidates for positions was held in early 2014.

Organizational/Individual Development

During 2014, continued emphasis will be placed on supervisor and employee training and development, including implementation of the individual development plans developed as a result of succession planning.

Total Compensation/Benefits

We will continue to evaluate our time off, compensation, benefits, and retirement plans to ensure that they are competitive and support recruiting, retention, and a culture of accountability.

Workplace Culture

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

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2013</th>
<th>2012</th>
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<tbody>
<tr>
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<tr>
<td>Employees Hired</td>
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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. The department provides permanent and transient storage options through wet slips and dry rack storage as well as Jet Ski and kayak storage, a Sailing Program, retail store operation, transient boat services, and marine repair services provided through Dolan Yacht Services. User fees and sales of goods and services provide the revenue to fund the Marina operations.

2013 Highlights

The following highlights some of the results in 2013 in managing revenues and spending while continuing to provide and improve established service levels.

Increased Marina Revenue

- The Marinas generated a net profit after depreciation of $60,485, which is $23,000 favorable to budget.
- Transient guest dockage fees at Delegal generated a net profit of $14,600, an increase of $7,600 over 2012.
- The kayak rental program generated $4,400 in revenue, an increase of $3,200 over 2012.
- Aggressive marketing of the 2011 Board-approved Non-Property Owner Marina Member (NPOMM) program generated more than $76,000 in boat storage and ancillary revenue.
- Kayak rack rental generated more than $19,000 in revenue, an increase of more than $9,000 over 2012.
- A consistent live bait dealer improved bait sales, resulting in a net profit of $4,800, an increase of $2,000 over 2012.
- The marina store invested in new inventory, resulting in a net profit of $12,000, an increase of $2,000 over 2012.
- The Dry Trash contract at both marinas was renegotiated with a new provider, which will reduce costs by more than $8,300 in 2014.

Increased Guest Boat Traffic

The location of Delegal Creek Marina makes it an attractive alternative to transient boaters traveling the Intracoastal Waterway. In addition to the revenue added to Marina operations, Delegal serves as a unique marketing tool for potential property owners. In 2013, increased marketing and excellent customer service doubled transient business at Delegal Creek Marina. Delegal provided overnight dockage to boaters from all over the world, but two locations -- Florida (31%) and Maryland (14%) -- drew the most transient traffic in 2013.

When asked how they discovered Delegal Creek Marina, boaters’ two most common answers were Dozier’s Waterway Guide (23%) and www.Activecaptain.com (23%). Dozier’s Waterway Guide remains the most popular printed navigation resource among boaters traveling around the United States. The Landings Association places an ad in the Waterway Guide publication every year. The Active Captain website is a free site that many boaters have come to rely on for the most current information about an area. In 2013, the marina received 13 reviews on Active Captain, with an average rating of 4.6 out of 5 stars. These excellent reviews help to explain why 23% of Delegal’s transients were returning guests.
Facility Upgrades

The Landings Association and Marinas’ staff focused on continuing improvements for the Marinas. At Delegal, a third kayak rack was installed, bringing the total number of storage racks to 60. The occupancy of these racks remained at 93% or higher throughout 2013. Two channel markers were also replaced in 2013. These private aids to navigation guide boaters safely into Delegal Creek. The final repairs that consulting firm Applied Technology and Management (ATM) recommended in their 2011 assessment of the marinas were completed. Bellingham Marine, the Board-approved contractor, completed the final repairs to the floating docks, increasing their useful life. The repairs have also improved the safety of our residents by stabilizing the floating docks.

There were several improvements to the facilities at Landings Harbor in 2013. The three small deteriorated buildings located in between the dry stacks were replaced with two prefabricated sheds. The sheds were purchased and installed for the budgeted amount of $16,000 and are used by staff as well as the Sailing Club as tool sheds and storage units. The Tiki Hut always is a popular attraction among revelers at events hosted by the Harbor. In 2013, the Tiki Hut received a couple of touchups, most notably a nautically-themed bar-top.

The marina focused on Landings Harbor safety improvements as well by addressing boat movement and pedestrian traffic. Wash racks were realigned to create a pedestrian walkway designed to keep residents out of harm’s way when accessing the southeast portion of the marina. In addition, a new process for boaters was instituted for retrieving their boat along with a clearly-

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**Delegal Creek Marina 2013 Marina Guests**

*How did you hear about us?*

- Annapolis Boat Show: 8%
- Chart: 8%
- Unknown: 8%
- Friend: 7%
- Returning Guest: 23%
- Waterway Guide: 23%
- ActiveCaptain.com: 23%

**101 Total Transients**

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**Delegal Creek Marina 2013 Marina Guests**

*State of Residency*

- FL: 31%
- GA: 4%
- MA: 4%
- MD: 14%
- NC: 6%
- MI: 3%
- OH: 3%
- Other (<3 per location): 25%
- SC: 5%
- VA: 5%
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The Marinas focused on Landings Harbor safety improvements as well by addressing boat movement and pedestrian traffic. Wash racks were realigned to create a pedestrian walkway designed to keep residents out of harm’s way when accessing the southeast portion of the marina. In addition, a new process for boaters was instituted for retrieving their boat along with a clearly-marked waiting area that has improved boater safety, decreased potential boat damage, and improved customer service. The Harbor’s porch continues to be a popular hangout among residents and their guests. Five more rocking chairs were acquired in 2013, providing a total of seven rockers for patrons with a place to gather comfortably.

2013 also included the completion of the ATM projects at the Harbor using operational cash to fund all projects. The ATM-recommended Tarmac project was completed $21,000 favorable to budget. The 16 concrete sections replaced were severely cracked and uneven. The final ATM project completed by Bellingham Marine was the repair of the floating docks, improving stability and extending their useful life.

Marina Events and Programs

A focus on increasing events and activities at the marinas continued in 2013. The Sunset Cruise program was expanded in response to residents’ interest. One cruise that circumnavigated Skidaway Island sold out in record time. A total of 500 residents and guests took advantage of this program in 2013. A pilot beach shuttle service did not receive the same response and is being evaluated for possible changes.

One of the 2013 goals set forth by the Board of Directors was to host two waterfront events at the marinas. Harbor Fest, held in April at Landings Harbor, turned out to be the largest event of the year for the Marinas. With more than 1,000 people in attendance, this first-time event was a huge success. The festival provided something for everyone: live music, barbeque, libations, sailing, bouncy castle slides, pirates, raffles, games with prizes, boat rides, retail goods, amphibian aircraft, and steamed oysters. This event culminated with the Blessing of the Fleet.

Sunset at the Harbor events continued to attract residents in 2013. Beginning in May, the events were held on the first Friday of every month until September. This schedule resulted in larger crowds, which allowed the events to remain cost neutral. In addition, the Sunset events led to a new marina member. A resident invited a non-property owner to the event, and while in attendance the guest fell in love with the Harbor. When the guest discovered that the marina allowed boat storage for non-property owners, they joined immediately. Delegal hosted the second Weekend on the Waterfront in 2013. The Luau-themed event provided something for all ages. The various activities included yoga paddleboarding, crabbing, sailing, sunset cruises, fire twirlers, puppet shows, raffles, live animals, and rubber duck racing.
Increased Marketing

Beginning in 2009, both marinas experienced a steady decline in occupancy levels and transient visits. In 2013, the Marinas took an aggressive approach to marketing. A variety of methods were used throughout this campaign, including three boat show appearances, two local charity auctions, one postcard mail out, and the purchase of ad space in Dozier’s Waterway Guide. In addition, the Marinas maintain current information on popular cruiser websites and blogs, such as Active Captain. The Marinas also developed a search-friendly website solely focused on marine interests. All of the above have been cited by customers as reasons they discovered The Landings’ Marinas.

Both marinas have benefited from these promotions. Landings Harbor has provided storage for 21 NPOMMs over the past year and currently is storing 15 NPOMMs within the dry stacks. As previously mentioned, in 2013 Delegal Creek Marina supplied overnight dockage for 101 transients, twice as many as 2012, and currently is providing storage for five NPOMMs. With the purpose of improving a sales guest’s experience while at The Landings, The Landings Association, The Landings Company, and Landlover’s Kayak Club teamed up to create the Kayak Ambassador’s program. Modeled after the Club Ambassador program, if a sales guest expresses an interest in kayaking, the Marinas will provide the kayaks free of charge, and a kayak ambassador will accompany the guest on a paddle.

Marine Repair Service

The outsourced Marine Services Center continues to be operated by Phil Dolan Yacht Services. Having an onsite repair service is a point of separation from our competitors and thus will continue to be highlighted in our marketing efforts of 2014. The Marinas will continue to work in conjunction with Dolan Yacht Services to attract non-resident boaters to The Landings and retain them as permanent customers of the Marinas. Customer satisfaction levels with the service center remained above average and will continue to be monitored in 2014. The Landings Association will continue to market the service department through The Landings’ Journal, as well as other media.

Sailing Program

The primary goal of this program is to allow residents to learn to sail in a supportive environment and to sail without having to own a sailboat. The Marinas own eight Rhodes 19 sailboats for this purpose and charge participants a monthly fee. Weekend races promote camaraderie among participants. Membership in the sailing program varies seasonally and has consistently generated revenue in excess of program expenses, allowing for periodic repair and replacements of the vessels. The program is fully managed by its members, who also handle much of the required maintenance. In 2013, the Sailing Club decided to try something new. A group from the 2013 Food Industry Suppliers Association (FISA) Annual Conference chartered the Rhodes 19s for a half-day excursion for $1,200. The conference goers were thrilled with the experience and with the Landings community as a whole. In the future, the sailing club may take more of these opportunities to represent The Landings to potential residents.
In 2013, a major milestone was achieved by the Board of Directors to “Define the future state of Delegal and Landings Harbor Marinas and develop multi-year plans to work towards achieving the vision, all considering a broad consensus of the community and fiscal responsibility”. Following completion of an extensive eight-month study of the Marinas, evaluating various operating models, the Board approved a long range plan to utilize best our two key waterfront amenities. Under this Marina plan, no net increase is projected in the Capital Asset Management Plan. The approved plan, designed to maximize residential enjoyment of the marinas while increasing fiscal stability, is reflected in the Capital Asset Management Plan, as follows:

1. Beginning in 2014, the Marinas will be considered a community amenity rather than an internally separate entity. This will treat capital replacements at the Marinas the same as all other departments, such as Public Works and Security.

2. Beginning in 2014, the Marinas interfund loans will be eliminated. Going forward, the Marinas’ projected year-end cash in excess of $500,000 will be transferred to Reserves to support current and future capital needs of the Marinas and the Association.

3. Changing market trends in the boating industry indicate that Landings Harbor requires upgrades to increase its market share and profitability. A new forklift with greater capacity has been scheduled for purchase in 2015, but to meet changing conditions, this date may be fast-tracked to 2014. A larger forklift will solve the current business limitations immediately upon arrival. Throughout 2014, staff will develop a plan for the redesign and replacement of the Landings Harbor floating docks, which are scheduled for replacement in 2015. Also, this plan will include a new design for the Harbor’s drystack system. Included in the Board-approved changes to the Capital Asset Management Plan, the Landings Harbor drystack replacement has been accelerated from 2020 to 2015-2016 to solve operating and size constraints that further limit business and diminish customer satisfaction.

4. Delegal Creek Marina is planned for “right-sizing” in 2022, when the floating docks are scheduled for replacement. The docks presently exceed the DNR limits for obstructing a waterway. In addition, the occupancy level historically has fallen below the number of slips available. Roughly one third, or $400,000 of the reserves currently allocated to the replacement of Delegal’s floating docks, will be shifted to Landings Harbor to leverage increased commercial opportunities and protect current business at that location.

Photo by Bob Trenkamp
Public Works Mission Statement

The mission of the Public Works Department is to ensure that The Landings is a well-maintained community which operates at a good value for its property owners 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, Building and Grounds, Construction, Environmental, 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 provide an aesthetically pleasing, secure lifestyle for residents.

The Association uses a Capital Asset Management Plan, which captures all assets over $1,000 owned by the Association, to organize and manage the short- and long-term capital replacement and repair reserve funds. The Capital Asset Management Plan is evaluated and updated annually for the useful life, remaining life, and current year cost of the assets. Once evaluated to ensure that the asset replacement or repair is absolutely necessary, these items are included and funded within the Capital Reserve account.

2013 HIGHLIGHTS

Sign Painting Program
The Association continued to refurbish and repaint ¼ of the signs and mailbox posts throughout the community. In 2013, the areas completed were Bartram Road, Midpoint, Franklin Creek, Marshview Landing, Moon River Landing, and Yam Gandy Road including all its side streets. This work was completed through a combination of in-house staff and contracted means, and was funded through the Association’s operating budget.

Lagoon Structure Replacement
A large majority of lagoon structures within our community are rapidly approaching or have reached the end of their asset lives, requiring extensive maintenance for continued long-term service. As a result of the engineering inspections and annual evaluations, it was determined that the structure located in lagoon #137 (Islanders’ Retreat and Moon Rise Circle) needed to be replaced. This work was conducted through contracted means and was funded through the Capital Reserves. The lagoon structures in lagoon numbers 4, 5, and 53 were repaired utilizing operational funds, thus extending their useful lives.

Cart Path/Trail Resurfacing
Through the annual inspections and evaluations, the Public Works Committee and staff selected the paths that were most deteriorated and which met Association standards for replacement. The goal of the resurfacing/repair program is to eliminate damaged, raised, and/or buckled sections, which is largely a result of root intrusions.

In 2013, the Association partnered with The Landings Club for cart path replacement to realize the financial benefit of a larger project. The resulting unit price was $11 less per linear foot than in 2012. Wall to Wall Golf replaced 25,040 linear feet of paths, which was funded through the Capital Reserves.

Street Resurfacing & Repair Program
Upon completion of the 2013 road paving evaluations/inspections, the Public Works Committee and staff selected the roads and curbing that were most deteriorated and which met Association standards for repair. Public Works repaired 6,867 square feet of road surface in the Marshwood, Mid-Point, and Plantation areas. This annual project was funded through the Capital Reserve.
Storm Drain Repair & Replacement

Based on our engineering studies and annual evaluations, work scheduled for 2013 included the replacement of 11 inlet structures, 1,383 linear feet of storm drain pipe, and five outfall/headwall sections. This work was contracted through HES Environmental and funded through the Capital Reserves.

2014 EXPECTATIONS

Pine Straw Program

In the spring of 2014, the Association will continue to offer a bulk pine straw purchase and installation program. Staff will work with vendors to negotiate the best price per bale for high quality, long-leaf pine straw.

Sign Painting Program

The Association will continue to refurbish and repaint approximately ¼ of the community’s mailbox posts and signs through a combination of in-house and contracted means. The area of the community to be addressed in 2014 will be Landings Way South past Yam Gandy (all side streets), Oakridge including Westcross Road (all side streets), and Deer Creek (all side streets). This work will be funded through the Association’s operating budget.

Annual Street Resurfacing & Repair Project

The purpose of the Annual Street Resurfacing & Repair Project is to resurface and/or repair identified roads based on their longevity and condition, with final selection determined by physical inspection, including core samples. The 2014 project will focus on replacing approximately 6,766 square feet of road surface to extend the useful life in lieu of large scale resurfacing. This annual work is guided under the multi-year schedule established in the Capital Asset Management Plan and funded through the Reserve Fund.

Street Restriping Project

The purpose of the Street Restriping Project is to improve safety and to enhance aesthetics through restriping the roads and is conducted once every three years. The striping will consist of 167,073 linear feet of centerlines, 5,978 stop bars, 4,543 linear feet of chevrons, and 9,587 linear feet of crosswalks throughout the community. This project is funded through the operational budget.

Annual Cart Path Resurfacing Project

Over the past few years, asphalt cart paths have been replaced with concrete paths. Based on the performance of concrete, the asset life of the new paths is estimated to be 15 years. Staff has budgeted to replace 15,006 linear feet of cart path in 2014 and will review projects to partner with the Club, which could alter contract quantities. This annual work is guided under the multi-year schedule established in the Capital Asset Management Plan and funded through the Reserve Fund.

Storm Drain Repair & Replacement Program

The scheduled Storm Drain Repair and Replacement Program for 2014 is based on our winter 2013 evaluations and inspections. The work to be performed in 2014 will include storm drain piping, culverts, swales, and headwalls. The main areas of the community to be addressed in 2014 will be Plantation and Marshwood. This project will be funded through the Reserves Fund.
Main Gate Monument Sign

The Landings monument sign, located at the Main Gate, was originally installed in 1992 and is showing major signs of deterioration. While repairs and repainting have been performed over the years, the sign has reached its asset life and will be replaced. Originally scheduled to be completed in 2013, this project was delayed until 2014 in order to evaluate the new construction material used at the Marshwood (North) gate sign. This project will be funded through the Capital Reserves.

Oakridge and Deer Creek Gate Awnings

The gate awnings at the Oakridge and Deer Creek gatehouses are showing major signs of deterioration and have reached their asset life. In 2014, these awnings will be replaced with extended hip roofs to complement the copper roofs installed in 2008. These projects will be funded through the Capital Reserves.

Administration Building Renovation

The Association’s Administration building was built in 1992, and for the past 22 years the Association has adapted the building to meet the needs of the community. The building’s lobby and service areas require renovation to improve the customer service, aesthetics, and efficiency of the facility. The administration building’s interior has reached its 20-year asset life and will require office painting, replacement of carpet, and soundproofing with acoustic drywall. The projects will be funded through the Capital Asset Management Program.

Photo by Donald Hands
Increase Accessibility

The Landings Association, in an effort to improve accessibility for those with limited mobility, will conduct renovations to the Administration Building, Landings Harbor, Sunset Pavilion, and the Athletic Field restrooms. These renovations are scheduled to be completed in 2014. The projects will be funded through the Capital Asset Management Program.

Public Works Emergency Generator

Due to the generosity of a Landings resident, a gently-used generator has been donated to the Association. It will be used to provide emergency power for the Public Works building. Costs include installation of switching gear and pouring a concrete pad to raise the generator above the flood plain. Public Works is an integral part of our emergency response plan, and this generator will facilitate operations in the event of an emergency.

Lagoon Structure Replacement

A large majority of lagoon structures within our community are rapidly approaching or have reached the end of their asset lives, requiring extensive maintenance for continued long-term service. As a result of the engineering inspections and annual evaluations, it was determined that lagoon structures numbered 114, 120, and 122 are in need of replacement and/or refurbishment. This work will be conducted through a combination of contracted means and in-house staff and will be funded through the Capital Reserves.

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<th>STATISTICS</th>
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<td>Association Buildings Maintained</td>
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<td>Vehicles Maintained</td>
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<td>Number of Deer Removed</td>
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<tr>
<td>Number of Hogs Removed</td>
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Security Mission Statement

The mission of the Security Department is to promote a secure lifestyle through community service in four major operational areas: Access Control, Emergency Service Assistance, Patrol Operations, and Covenant Compliance. 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 Security Director 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 Security Supervisors report to the Security Director, who in turn reports to the General Manager.

2013 HIGHLIGHTS

Security Leadership

In 2013, the Security Department continued through a transition period when a new Director of Security was hired in March. The dedication, commitment, and professionalism demonstrated through this adjustment period by the Security team members were exemplary. The members’ input during the development of the department’s goals and objectives was impressive and invaluable. The resurrection of the Security Committee in 2012 continued to gain momentum in 2013.

Access Control

A variety of automated and manual systems are used to process vehicle entries using any of our seven gates. The Main Access Control Facility (ACF) is the 24/7 hub of our automated systems, including our video camera system. It also is our dispatch center for all calls and is augmented by resident volunteers who assist in processing guest passes. The Marshwood Access Control Facility is staffed 12 hours daily, Monday through Saturday, while the Deer Creek, Marshview Landing, McWhorter, Moon River Landing, and Oakridge gates are automated. In 2013, a total of 109,055 guest passes were processed for residents. Technology enhancements were reviewed in 2013, and staff continued to evaluate the callboxes for the McWhroter (Deer Creek) and North (Marshwood) gates. The primary focus has been on improving audio quality and video integration for the remote gates. The driver’s license scanners at the Main and North ACF’s for daily commercial access has added another level of security to our access control procedures, and we are exploring opportunities to integrate these scanners in future software upgrades.

Video Monitoring

In October 2012, the Board of Directors authorized the installation of new high-resolution megapixel cameras. These cameras produce a highly-detailed image, capable of capturing license plate numbers, as well as a wider range of coverage. The work was completed in the summer of 2013, and the cameras have produced a significantly better picture quality than older model cameras and have provided valuable assistance in several police and Security investigations.

Emergency Service Assistance

Security patrols respond to all medical calls, fire alarms, and burglar alarms in the community. Patrols provide escort for police, fire, and medical units during emergency situations. In 2013, Officers assigned to patrol duties responded to 543 medical calls, 63 fire alarms, and 39 burglar alarms. Security staff continued their training in CPR/Automated External Defibrillators (AED), and all staff members were certified through an American Heart Association course, which was instructed by our local First Responders.
Patrol and Property Checks

Patrol Officers are tasked with routine preventive patrols; facility and property checks for The Landings Association, The Landings Club, and The Landings Company; residential property checks; various calls for service; and responding to and assisting fire, medical, and law enforcement agencies. The Security Department’s residential property check program continues to be a well-utilized service, with more than 2,900 homes checked in 2013. Patrol Officers traveled more than 163,491 miles throughout the community on patrol during the year. Golf cart and bicycle patrols were minimal due to increased vehicle patrol responses and overtime reduction efforts. The Landings Association continued to contract off-duty police officers to patrol the streets 36 hours per week and for special events.

Covenant Compliance

Staffing for the Covenant Compliance function remained at one fulltime Covenant Enforcement Officer who verifies and resolves reports of Covenant violations. These reports may be generated by residents, staff, or Security Officers. The promotion of a Security Department staff member to a Sergeant’s position as Covenant Enforcement Officer resulted in increased staff-initiated inspections and improved resident complaint response time. This employee also developed the procedures for the Development Committee’s PRIDE Property Awards Program and spearheaded the selection process that resulted in awarding seven properties this distinction during three quarters in 2013. The Landings Private Property Appearance Checklist Self-Assessment was created as a result of the PRIDE program and is available to homeowners on the website. The program is a work in progress, and we look forward to further resident and committee participation in 2014.

The Security staff continued to refine our covenant complaint processing guidelines throughout 2013. Furthermore, we have started working with Neighbors Helping Neighbors volunteers on special cases, which has proven to be an extremely beneficial partnership. There was an average of 34 valid complaints received each month, for an annual total of 403. A total of 122 cases remained open at the end of 2013. The majority of violations were related to boats/trailers, yard maintenance, and house/structures.

Staff Development

New Security Officers completed initial orientation and training, and continued their on-the-job training throughout the year. Staff updated the Security Officer II and III exams, and several Officers successfully completed both exams during their first year of employment. As previously mentioned, all Officers received their certification, or in most cases recertification, in American Heart Association’s CPR/AED course. Supervisory Staff members completed 17 hours of Management Training and four hours of Vision and Values classes. Three Sergeants and the Office Manager successfully completed the Community Association’s Institute (CAI) M100: Essentials of Community Association Management Course. The Director of Security successfully completed the CAI: M100 and the CAI M205: Risk Management courses.

Technology and Industry Trends and Standards

Due to continued research, the 2013 proposed purchase of remote callboxes equipped with cameras at the McWhorter (Deer Creek) and the North (Marshwood) gates has been carried over into 2014. Staff continues to evaluate new callbox technology for voice quality and the integration of cameras into our existing system, and will move forward with completing this project in 2014.

2014 EXPECTATIONS
Security

We are in the process of upgrading the analog radio repeater to a digital system. The switch from analog to digital should greatly reduce, if not eliminate, transmission and reception “dead zones” in the southern portion of the island.

Staff is continuing to evaluate access control software, hardware, and procedures. The newer technology, although somewhat more labor intensive, should bring us into industry standards and strengthen our perimeter and internal security measures. Access control for guests continues to be a major part of our workload. Staff is exploring the feasibility of residents being able to utilize smartphones in pre-authorizing and entrance of guests into our community, especially at the unstaffed gates.

Commercial access remains high, with more than 12,300 daily commercial passes sold. Commercial barcode sales exceeded budget projections, with more than $690,000 generated in 2013. In 2014, weekly and monthly commercial pass options were added as options for the vendors. Revenue generated by commercial access fees contributes to offsetting the cost of maintaining the infrastructure as well as the cost of Security required to ensure commercial vendors have legitimate business within the community.

Proposals to upgrade the barcode laser scanners’ “firmware” and replace existing control panels and software are being reviewed by staff members. Security Committee members will assist in this project and provide support regarding policies, implementation, and the logistics of issuing new barcodes to residents, employees, and commercial workers. The impetus behind this upgrade is the necessity to change to a newer barcode format since the industry is phasing out existing barcode formats. This transition will also enable us to strengthen our barcode issuance protocols and to start with a new database platform of SQL Server instead of Access.

Emergency Service Assistance

The Landings Association has developed and sustained an outstanding working relationship with Southside Fire Department, Skidaway Island First Responders, Savannah-Chatham Metro Police Department, Department of Natural Resources, United States Department of Agriculture, and Chatham County Emergency Management Agency. The Landings Association staff will be working closely with these agencies to accomplish the following:

• Skidaway Island First Responders and Southside Fire Department graciously invited the Director of Security to complete their First Responder Course starting in February.
• Security Committee members and staff will be working closely with Savannah-Chatham Police Department to develop a plan to reduce the number of theft and vandalism incidents. Management will continue to work with detectives and the District Attorney’s office, and residents are encouraged to pursue charges and testify in court, if necessary, to uphold the Board’s “zero tolerance” policy on criminal acts committed within our community.
• Chatham County Emergency Management Agency has offered a wealth of expertise in updating our hurricane plan, and a final update will be completed in 2014.

Video Monitoring

Twenty five cameras and a Network Video Recording device have been scheduled for replacement in 2014, and staff will continue to evaluate camera selection, location, and utilization.

Golf Cart Safety

The Golf Cart safety video completed in 2013, which received good reviews, was a joint production between The Landings Club and The Landings Association. You can view the video by visiting The Landings Association’s website (www.landings.org) and looking under the “Calendar and News” drop-down menu. We will continue to make golf cart safety a priority in 2014, and it’s our goal to have zero accidents associated with unsafe golf cart operations. The only way we can achieve this goal is with the cooperation and assistance of residents and their guests…fostering a “safety first” and “due care” atmosphere throughout our community.
Sales Guest Support

Customer service remains at the top of our continuous improvement opportunities in 2014. The Landings Association staff, along with The Landings Company staff and leadership, has developed a strong commitment to achieve a balance between security measures and offering the best possible experience an expected guest and prospective resident receives while at The Landings.

Staff Development

Scheduled training for 2014 includes the following:

- Officers and supervisors will complete or continue to be certified in American Heart Association’s CPR/AED course.
- Officers and supervisors will be required to complete customer service and report writing courses.
- Officers will be required to complete Vision and Values training.
- Supervisors will be required to complete leadership training.
- The Field Training Officer (FTO) program will be updated, and Quality Assurance (QA) exercises will be implemented.
- Officers will be trained on new access control software and procedures.
- New Security Officers orientation and Security Officer II and III exams will continue.
- Supervisors will be required to attend and complete MT+ and Vision and Values training.
- Supervisors will be required to attend Interview Methods training.
- Supervisors will be encouraged to become Board certified in one of American Society for Industrial Security’s certification programs, which include Certified Protection Professional (CPP), Professional Certified Investigator (PCI), and Physical Security Professional (PSP).

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest Pass Requests Processed</td>
<td>109,055</td>
<td>106,676</td>
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<tr>
<td>Active Barcodes</td>
<td>26,842</td>
<td>25,308</td>
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<tr>
<td>Incident Reports Filed</td>
<td>5,449</td>
<td>4,488</td>
</tr>
<tr>
<td>Assistance Requests</td>
<td>620</td>
<td>478</td>
</tr>
<tr>
<td>EMS Support Runs</td>
<td>543</td>
<td>538</td>
</tr>
<tr>
<td>Insecure Property Reports</td>
<td>463</td>
<td>383</td>
</tr>
<tr>
<td>Covenant Violations*</td>
<td>403</td>
<td>514</td>
</tr>
<tr>
<td>Alarm Responses (Fire/Burglar)</td>
<td>102</td>
<td>126</td>
</tr>
</tbody>
</table>

*Covenant Violations by Type:

<table>
<thead>
<tr>
<th>Covenant Violation</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>House/Structures</td>
<td>136</td>
<td>189</td>
</tr>
<tr>
<td>Trash</td>
<td>77</td>
<td>44</td>
</tr>
<tr>
<td>Trailers/RVs/Boats</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>Trees</td>
<td>31</td>
<td>22</td>
</tr>
<tr>
<td>Yard</td>
<td>23</td>
<td>96</td>
</tr>
<tr>
<td>Parking Violations</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>Animal/Pets</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Signage</td>
<td>10</td>
<td>27</td>
</tr>
<tr>
<td>Misc. Items</td>
<td>18</td>
<td>34</td>
</tr>
</tbody>
</table>
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 conducts national, regional, and local marketing programs on behalf of the entire community and maintains a Welcome Center for prospective purchasers. The Company also manages proprietary real estate brokerage and property rental operations which:

1. Facilitate an efficient and professional process to move prospects responding to marketing programs or referrals to property purchase.
2. Generate the net cash flows that are the sole source of funding for community marketing.

Background

The Landings Company is the successor organization to the marketing and sales operations of the developer of The Landings (Branigar) and has been in operation since 1998. It is a taxable corporation, wholly owned by The Landings Association, and managed by a separate Board of Directors. Day-to-day operations are conducted by a small staff and a number of independent, licensed Realtors. The Company cooperates with both the Association and the independent Landings Club to create awareness and ensure that prospective purchasers appreciate the community’s amenities, programs, and lifestyle.

Extensive marketing of The Landings is essential in light of the private location and non-resort character of our community. The Landings consists of more than 4,400 privately-owned properties with a combined value of ~$2 billion. Prior to the real estate downturn, annual property turnover averaged about seven percent, or 300 properties. This requires a minimum of 300 purchasers annually just to manage supply and, optimally, 400 to support improved home values. More than half of purchasers typically come from outside our local area and have to be attracted to our community by a variety of marketing initiatives. With new developers recently buying troubled destination communities and potential purchasers awaiting better economic conditions, competition is increasingly intense for the pool of prospective buyers.

Marketing Expenditures

From 2004 to 2007, the Company averaged more than $1.4 million spent annually to market the Landings community. The downturn of the market in 2008 resulted in less cash being generated from real estate operations and, therefore, a decline in the amount spent for marketing. From 2007 to 2010, marketing expenditures were radically reduced, and cash reserves were depleted to the minimum prudent level for business operations (see graph). The defeat of the marketing assessment vote proposed by The Landings Association in 2011 meant that future marketing expenditures will depend entirely on proprietary real estate profits.

2013 HIGHLIGHTS

Community Marketing Programs

Sales overall were up 6% in 2013, and national marketing was increasingly effective. Sales to buyers who learned about The Landings from national marketing increased 31% over 2012, to 71 in 2013. The increase in buyers was driven by leads brought in by the website, digital advertising, representation at nine Ideal Living (formerly Live South) Shows, and placements in print media with cumulative circulation of more than 4.5 million. The website and
digital advertising were especially cost effective tools to produce the majority of the new buyers.

While this increase in buyers from national marketing is encouraging, The Landings needs to bring in more than 100 additional buyers to reach the target of 300-to-400 homes sold annually. The most significant opportunity for increased sales comes from outside the Savannah area and requires national marketing. All of the profits of The Landings Company are dedicated to marketing The Landings. Note in the graph that marketing spending has recently increased due to the success of real estate operations. However, marketing spending is still well below prior spending and the spending of communities owned by developers.

Collaboration with The Landings Club

The Landings Club is a private club and is a totally separate entity from the Association and the Company. The amenities and lifestyle the Club offers are key drawing cards for many prospective buyers, and thus are critical for all Landings property values, whether the current owners are Club members or not. The Company and the Club continued to expand their synergistic efforts in 2013.

Real Estate Brokerage Operations

Real estate activity at The Landings in 2013 continued to improve (see table). After seven years of declining average home prices, there was an increase in average price in 2013 over 2012. Additionally, average days on market dropped, as did the inventory of homes for sale.

In its proprietary real estate operations, the Company’s market share was strong, with The Landings Company participating in representing the seller, the buyer, or both in 78% of all homes closed in 2013.

<table>
<thead>
<tr>
<th>Performance Measures of Real Estate Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 Home Sales at The Landings</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>The Landings Company</td>
</tr>
<tr>
<td>Other Realty Firms</td>
</tr>
<tr>
<td>Average Home Price Sold</td>
</tr>
<tr>
<td>$455,535</td>
</tr>
<tr>
<td>$408,465</td>
</tr>
<tr>
<td>Average Days on Market</td>
</tr>
<tr>
<td>130</td>
</tr>
<tr>
<td>234</td>
</tr>
<tr>
<td>Average Discount (from original price)</td>
</tr>
<tr>
<td>8.7%</td>
</tr>
<tr>
<td>11.6%</td>
</tr>
</tbody>
</table>

Note: Data collected from Savannah Multi-List Corporation

2014 EXPECTATIONS

Real Estate Market Conditions

Market conditions in 2014 are expected to improve marginally over 2013. For The Landings, concerns remain that the supply-demand imbalance between homes being listed for sale (300+) and homes being sold (200+) needs to continue to improve.
Marketing Expenditures

The Company is planning for national, regional, and local real estate marketing expenditures of $1,000,000 in 2014, provided that sales growth continues. As in past years, the Company may adjust its expenditures based on results during the course of the year and other factors.

Community Marketing Programs

Marketing efforts will build on the successful initiatives of recent years. The internet, website, search engine optimization, and digital tools will be crucial to future success. Continued participation in Ideal Living Shows and aggressively targeting those who are likely to be considering a lifestyle move and value the amenities of The Landings will be key to a successful 2014.
Audited Financial Statements and Other Information
December 31, 2013 and 2012

Photo by Bob Trenkamp
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 Association and its subsidiary, the Company, continues to be financially sound. The Association experienced increases in such non-Assessment revenues as Commercial Vehicle Registrations, Architectural Review Fees, and Telecommunications Leases. Due in part to these increases, consolidated revenues of $15,337,506 exceeded consolidated expenses, including depreciation, of $14,379,585, resulting in a net increase in members’ equity of $957,921. At December 31, 2013, members’ equity totaled $13,891,252.

Until December 31, 2013, the Marina operated through an enterprise fund where revenues from fees for goods and services were used to support the operations. In September 2013, the Board of Directors approved a strategic plan where the Marinas became a consolidated, community amenity, rather than an internally separate entity. As a result, capital replacements at the Marinas are treated the same as for all other departments, such as Public Works and Security. This approach supports the 2013 community survey findings that 94% of respondents agreed that “The Landings’ Marinas and surrounding areas benefit all property owners” and that 95% of respondents are satisfied with the Marinas.

One result of this transition is the elimination of the Marinas’ interfund loans. The total amount of the interfund loans elimination was approximately $1,417,000. Without the debt service requirement going forward, the Marina is positioned to transfer all year-end cash in excess of $500,000 to the Reserves to support current and future capital needs of both the Marinas and the Association.

The Marinas, which are included in the operating results of the Association, continued to cover their operating expenses while also recording a positive net revenue after depreciation of $60,485. The Association’s General Operations showed a net expense over revenue of $247,226. As planned, the contribution to the non-taxable Capital Reserve Funds of $150,000 reflects more than half of the overall net expense for the year.

During 2013, the Company’s expenses exceeded revenues by $137,670. Net revenue from the sale of property went up 5%, and net rental income increased by 10%, versus 2012. This allowed the Company to invest $1,009,495 to market The Landings. The Company will continue cost containment measures and marketing initiatives that are consistent with future projections of the real estate market’s recovery.

I have enjoyed serving as your Treasurer for the past year, and I thank each member of the Finance and Audit Committee for his or her contributions during the year. On behalf of the Committee, I also extend our appreciation to the financial and other staff of the Association, for their efforts resulting in a financially successful 2013.

Randy Stolt
Treasurer
The Landings Association Board of Directors
INDEPENDENT AUDITORS’ REPORT

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

We have audited the accompanying financial statements of The Landings Association, Inc. and its subsidiary, The Landings Company, which comprise the consolidating balance sheets as of December 31, 2013, 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, and the related notes to the financial statements.

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

Auditors’ Responsibility
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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The prior year summarized comparative information has been derived from the Association’s December 31, 2012 financial statements and, in our report dated February 6, 2013, we expressed an unqualified opinion on those financial statements.
Opinion
In our opinion, the 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, 2013, 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.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 52-55 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the supplementary information of future major repairs and replacements on pages 50-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Holland, Henry & Bromley, LLP
February 12, 2014
## The Landings Association, Inc.

### December 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Reserve Funds</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; money market accounts</td>
<td>$2,051,580</td>
<td>$4,508,213</td>
<td>$6,559,793</td>
<td>$250,363</td>
<td>$6,810,156</td>
<td>$5,772,127</td>
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<tr>
<td>Cash held in escrow</td>
<td>271,925</td>
<td>271,925</td>
<td>292,481</td>
<td></td>
<td>564,406</td>
<td>567,598</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>100,000</td>
<td>1,250,000</td>
<td>1,350,000</td>
<td></td>
<td>1,350,000</td>
<td>1,646,000</td>
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<td>Other accounts receivable, net</td>
<td>56,264</td>
<td>56,264</td>
<td>56,264</td>
<td></td>
<td>56,264</td>
<td>47,395</td>
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<tr>
<td>Inventories</td>
<td>36,524</td>
<td>36,524</td>
<td>50,995</td>
<td></td>
<td></td>
<td>50,995</td>
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<tr>
<td>Prepaid insurance &amp; other</td>
<td>142,130</td>
<td>142,130</td>
<td>142,130</td>
<td></td>
<td>108,703</td>
<td>108,703</td>
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<tr>
<td>Total Current Assets</td>
<td>2,658,423</td>
<td>5,758,213</td>
<td>8,416,636</td>
<td></td>
<td>542,844</td>
<td>8,959,480</td>
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<tr>
<td>Property, Plant &amp; Equipment, net</td>
<td>5,150,116</td>
<td>135,708</td>
<td>5,285,824</td>
<td></td>
<td>636,432</td>
<td>5,922,256</td>
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<tr>
<td>Other Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td></td>
<td></td>
<td>78,000</td>
<td></td>
<td>78,000</td>
<td>43,700</td>
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<tr>
<td>Investment in subsidiary</td>
<td>944,085</td>
<td>944,085</td>
<td></td>
<td>(944,085)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Other Assets</td>
<td>944,085</td>
<td>-</td>
<td>78,000</td>
<td>(944,085)</td>
<td>78,000</td>
<td>43,700</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>8,752,624</td>
<td>5,893,921</td>
<td>14,646,545</td>
<td>1,257,276</td>
<td>(944,085)</td>
<td>14,959,736</td>
</tr>
</tbody>
</table>

### LIABILITIES AND EQUITY

**Current Liabilities**

|                        |         |               |         |                       |              |       |
| Accounts payable & accrued expenses | $358,567 | $358,567 | $3,168 | $361,735 | $268,160 |
| Deferred revenue         | 7,751   | 7,751        | 7,751  | 40,228    |
| Escrow balances & deposits| 271,925 | 271,925     | 292,481| 564,406   |
| Deferred tax liability   | -       | 2,500        | 2,500  | 1,300     |
| Accrued payroll & taxes withheld | 117,050 | 117,050 | 15,042 | 132,092   |
| Total Current Liabilities| 755,293 | -            | 313,191| 1,068,484 |

**Equity**

|                        |         |               |         |                       |              |       |
| Common stock  2         | -       | 100          | (100)  | -                     | -            |       |
| Retained earnings      | -       | 943,985      | 943,985| 1,081,655 |
| Members’ equity        | 7,997,331 | 5,893,921 | 13,891,252| (943,985) | 12,947,267 |
| Total Equity           | 7,997,331 | 5,893,921 | 13,891,252| 944,085 | 13,891,252 |
| **TOTAL**              | 8,752,624 | 5,893,921 | 14,646,545| 1,257,276 | (944,085) | 14,959,736 |

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

1. Allowance for doubtful accounts was $18,800 and $36,200 as of December 31, 2013 and 2012, respectively.
2. Common Stock $1 par, 10,000 shares authorized, 100 shares issued and outstanding.
### Year ended December 31, 2013

**The Landings Association, Inc.**

#### Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Operating</th>
<th>Reserve Funds</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td>Assessments</td>
<td>4,974,880</td>
<td>1,873,020</td>
<td>6,847,900</td>
<td></td>
<td></td>
<td>6,847,900</td>
<td>6,738,647</td>
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<tr>
<td>Marina</td>
<td>1,439,059</td>
<td></td>
<td>1,439,059</td>
<td></td>
<td></td>
<td>1,439,059</td>
<td>1,428,071</td>
</tr>
<tr>
<td>Vehicle registration</td>
<td>690,200</td>
<td>690,200</td>
<td>690,200</td>
<td></td>
<td></td>
<td>690,200</td>
<td>616,954</td>
</tr>
<tr>
<td>Service agreements</td>
<td>264,287</td>
<td>264,287</td>
<td>(43,943)</td>
<td></td>
<td>220,344</td>
<td>213,433</td>
<td></td>
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<tr>
<td>Architectural review fees</td>
<td>105,956</td>
<td>105,956</td>
<td></td>
<td></td>
<td></td>
<td>105,956</td>
<td>45,912</td>
</tr>
<tr>
<td>Interest earned</td>
<td>10,914</td>
<td>19,498</td>
<td>(20,888)</td>
<td></td>
<td>9,524</td>
<td>5,785</td>
<td></td>
</tr>
<tr>
<td>Rental fees</td>
<td>-</td>
<td>1,847,611</td>
<td>1,847,611</td>
<td></td>
<td></td>
<td>1,885,763</td>
<td></td>
</tr>
<tr>
<td>Telecommunications lease</td>
<td>118,275</td>
<td>118,275</td>
<td></td>
<td></td>
<td>118,275</td>
<td>78,872</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>350,103</td>
<td>350,103</td>
<td>15,848</td>
<td></td>
<td>365,951</td>
<td>342,319</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,953,674</td>
<td>1,892,518</td>
<td>9,846,192</td>
<td>(64,831)</td>
<td>15,337,506</td>
<td>14,827,136</td>
<td></td>
</tr>
</tbody>
</table>

#### Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Operating</th>
<th>Reserve Funds</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community services</td>
<td>1,420,861</td>
<td></td>
<td>1,420,861</td>
<td></td>
<td></td>
<td>1,420,861</td>
<td>1,339,833</td>
</tr>
<tr>
<td>Public works</td>
<td>3,135,282</td>
<td>610,186</td>
<td>3,745,468</td>
<td></td>
<td></td>
<td>3,745,468</td>
<td>3,374,369</td>
</tr>
<tr>
<td>Marina</td>
<td>1,222,041</td>
<td></td>
<td>1,222,041</td>
<td></td>
<td></td>
<td>1,222,041</td>
<td>1,134,273</td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>1,738,917</td>
<td>1,738,917</td>
<td>773,376</td>
<td></td>
<td>2,447,462</td>
<td>224,204</td>
<td></td>
</tr>
<tr>
<td>Commissions</td>
<td>-</td>
<td>2,185,166</td>
<td>2,185,166</td>
<td></td>
<td></td>
<td>2,037,984</td>
<td></td>
</tr>
<tr>
<td>Costs related to rentals</td>
<td>-</td>
<td>1,724,658</td>
<td>1,724,658</td>
<td></td>
<td></td>
<td>1,774,181</td>
<td></td>
</tr>
<tr>
<td>Sales &amp; marketing</td>
<td>-</td>
<td>1,009,495</td>
<td>1,009,495</td>
<td></td>
<td></td>
<td>847,934</td>
<td></td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>2,500</td>
<td>2,500</td>
<td>(33,100)</td>
<td></td>
<td>(30,600)</td>
<td>6,900</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,519,601</td>
<td>610,186</td>
<td>8,129,787</td>
<td>(64,831)</td>
<td>13,724,551</td>
<td>12,978,678</td>
<td></td>
</tr>
</tbody>
</table>

#### Excess of revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Operating</th>
<th>Reserve Funds</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of revenues</td>
<td>434,073</td>
<td>1,282,332</td>
<td>1,716,405</td>
<td>(103,450)</td>
<td>1,612,955</td>
<td>1,848,458</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>620,814</td>
<td>620,814</td>
<td>34,220</td>
<td></td>
<td>655,034</td>
<td>635,938</td>
<td></td>
</tr>
<tr>
<td><strong>Net (expenses) revenues</strong></td>
<td>(186,741)</td>
<td>1,282,332</td>
<td>1,095,591</td>
<td>(137,670)</td>
<td>-</td>
<td>957,921</td>
<td></td>
</tr>
<tr>
<td><strong>Equity in income of subsidiary</strong></td>
<td>(137,670)</td>
<td>(137,670)</td>
<td>137,670</td>
<td></td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Equity, January 1</strong></td>
<td>(324,411)</td>
<td>1,282,332</td>
<td>957,921</td>
<td></td>
<td>137,670</td>
<td>1,212,520</td>
<td></td>
</tr>
</tbody>
</table>

#### Equity, December 31

<table>
<thead>
<tr>
<th>Description</th>
<th>Operating</th>
<th>Reserve Funds</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>6,950,360</td>
<td>5,982,971</td>
<td>12,933,331</td>
<td>1,081,755</td>
<td>12,933,331</td>
<td>11,720,811</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>1,371,382</td>
<td>(1,371,382)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity, December 31</strong></td>
<td>7,997,331</td>
<td>5,893,921</td>
<td>13,891,252</td>
<td>944,085</td>
<td>13,891,252</td>
<td>12,933,331</td>
<td></td>
</tr>
</tbody>
</table>

**NOTE** - The accompanying Notes to Financial Statements are an integral part of these financial statements.
## The Landings Association, Inc.

<table>
<thead>
<tr>
<th>Year ended December 31, 2013</th>
<th>Year ended December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Excess of revenues (under) over expenses</td>
<td>$ (324,411)</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile excess of revenues (under) over expenses to net cash provided (used) by operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Equity in income of subsidiary</td>
<td>137,670</td>
</tr>
<tr>
<td>Depreciation</td>
<td>620,814</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td>(17,423)</td>
</tr>
<tr>
<td>Decrease in income taxes receivable</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (increase) in other receivables</td>
<td>8,554</td>
</tr>
<tr>
<td>Decrease in inventories</td>
<td>14,471</td>
</tr>
<tr>
<td>Change in deferred tax items</td>
<td>-</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(33,427)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable &amp; accrued expenses</td>
<td>101,169</td>
</tr>
<tr>
<td>Increase (decrease) in escrow balances &amp; deposits</td>
<td>132,393</td>
</tr>
<tr>
<td>Increase (decrease) in accrued payroll &amp; taxes withheld</td>
<td>8,865</td>
</tr>
<tr>
<td>(Decrease) increase in deferred revenues</td>
<td>(32,477)</td>
</tr>
<tr>
<td>Transfers (from) to other funds</td>
<td>(166,085)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td>450,113</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES** | **Total** |
| Capital expenditures | (125,777) | (703,307) | (829,084) | (20,483) | (849,567) | (745,547) |
| Capital asset transfers | (625,715) | 625,715 | - | - |
| Proceeds from sale of short-term investments | 1,500,000 | 1,500,000 | 1,500,000 | 2,875,000 |
| Maturity (purchase) of certificates of deposit | 46,000 | (1,250,000) | (1,204,000) | (1,204,000) | (1,528,000) |
| **Net cash (used) provided by investing activities** | (705,492) | 172,408 | (533,084) | (20,483) | (553,567) | 601,453 |

| **CASH FLOWS FROM FINANCING ACTIVITIES** | **Total** |
| Repayments under long-term bank agreement | - | - | - | (292,743) |
| Interfund receivable/payable elimination | 768,732 | (768,732) | - | - |
| (Repayments) receipts under interfund long-term agreements | (114,340) | 114,340 | - | - |
| **Net cash provided (used) by financing activities** | 654,392 | (654,392) | - | - | (292,743) |

| Increase (decrease) in cash and cash equivalents | 399,013 | 966,433 | 1,365,446 | (330,609) | 1,034,837 | 2,533,034 |
| **Cash and cash equivalents, January 1** | 1,924,492 | 3,541,780 | 5,466,272 | 873,453 | 6,339,725 | 3,806,691 |
| **Cash and cash equivalents, December 31** | $ 2,323,505 | $ 4,508,213 | $ 6,831,718 | $ 542,844 | $ (7,374,562) | $ 6,339,725 |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year for interest by The Landings Association, Inc. | $ - | $ 3,952 |

NOTE: The accompanying Notes to Financial Statements are an integral part of these 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 4,420 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 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

Financial Accounting Standards Board (FASB) Codification - The accompanying financial statements adhere to the accounting guidance of the FASB Accounting Standards Codification (Codification), which is the source of authoritative U.S. generally accepted accounting principles to be applied by non-governmental entities.

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 security checks, visitor/guest services, and landscaping to the Company. These are the only intercompany transactions.

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 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, 2013 which may have an impact on these financial statements have been considered through February 12, 2014.

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 rented through the Company.

Assessments - Members’ assessments for the Association for operating purposes are required to be approved by a successful vote of the members no more frequently than every three years. The assessment rate for each lot in 2013 and in 2012 was $1,550 and $1,525, respectively, 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 and policy. Disbursements from the reserve funds may be made only for their designated purposes.

**Marina Revenue** - Marina revenues from fees for goods and services are used to support the operations. The primary revenue sources supporting Marina operations are the following: boat rack storage; wet slip rental; merchandise sales; annual captains’ fees; and gasoline and diesel sales. Rack and slip rentals, as well as captains’ fees, 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. 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 operations include:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise and other</td>
<td>$14,032</td>
<td>$15,065</td>
</tr>
<tr>
<td>Gasoline and diesel fuel</td>
<td>22,492</td>
<td>35,930</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$36,524</strong></td>
<td><strong>$50,995</strong></td>
</tr>
</tbody>
</table>

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

- Common property, in acres: 690
- Center islands/medians: 313
- Lagoons: 151
- Roadways, in miles: 91
- Trails, in miles paved: 22
- Bridges: 11
- Gatehouses and entrances: 7

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 nonprofit 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. 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, 2013 and 2012, the combined amounts expensed by the Association for depreciation were $620,814 and $600,117, respectively. For the years ended December 31, 2013 and 2012, amounts expensed by the Company for depreciation were $34,220 and $35,821, respectively.
Property, Plant, and Equipment consists of the following at December 31, 2013:

<table>
<thead>
<tr>
<th></th>
<th>Association</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>$1,078,732</td>
<td>$ -</td>
</tr>
<tr>
<td>Buildings &amp; docks</td>
<td>5,976,119</td>
<td>844,466</td>
</tr>
<tr>
<td>Equipment</td>
<td>3,385,135</td>
<td>178,582</td>
</tr>
<tr>
<td>Furniture &amp; computers</td>
<td>707,767</td>
<td>276,432</td>
</tr>
<tr>
<td>Vehicles</td>
<td>1,128,416</td>
<td>-</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>135,708</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>12,411,877</td>
<td>1,299,480</td>
</tr>
</tbody>
</table>

Less accumulated depreciation

|                      | (7,126,053)     | (738,048)   |

Land

|                      | -               | 75,000      |

|                      | $5,285,824      | $636,432    |

**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.

**Subsequent Events** - The Association and the Company have evaluated subsequent events through February 12, 2014, the date the financial statements were available to be issued.

**Note 3 - Concentration of Credit Risk**

The Association and the Company maintain their cash balances at regional banks located in Savannah, Georgia. On October 3, 2008, the Federal Deposit Insurance Corporation (“FDIC”) temporarily increased the deposit insurance from $100,000 to $250,000 per depositor through December 31, 2013, under the terms of the Emergency Economic Stabilization Act of 2008. At December 31, 2013, the Association’s cash balances exceeded federally-insured limits by $6,234,213. This uninsured amount represents demand deposit and money market fund accounts. The Association and the Company have not experienced any losses of such funds, and management believes the Association and the Company are not exposed to any significant risks.

**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, 2013 are Certificates of Deposit at a predetermined interest rate based on the terms of the purchase, as well as Money Market Funds.

The Association adheres to the Fair Value Measurement and Disclosures topic of the Codification, which 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 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 unobservable.

The following table sets forth by level, within the fair value hierarchy, the investment assets at fair value as of December 31, 2013.

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>$1,350,000</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Total investment assets at fair value</td>
<td>$1,350,000</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

**Note 5 - Assessments Receivable**

The Association’s policy is to place liens on owners whose assessments are two months in arrears. Past due assessments of approximately $23,676 were written off at the end of 2013 per approval by the Association’s Board of Directors. All of the past due owners, for 2008-2013, have been suspended and reported to the Association’s attorney to proceed with legal action.

**Note 6 - Reserve Funds**

**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, and road and cart path/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 2011, several engineering firms were contracted to conduct evaluations of the Association’s storm drains, bridges and structures, and marina facilities. These studies determined the conditions as well as the estimated future costs of major repairs and replacements for these items. The studies estimated that future repairs will extend the useful lives of the storm drains by 80 years; cart bridges by 30 years; road bridges by between 50-80 years; and the administration and marina facilities by between 7-50 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 studies estimated major equipment components had useful lives that ranged from 6-15 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 had useful lives of 15-25 years, and the trails from 10-20 years, depending on the type of root barrier used and whether the trail is concrete or asphalt. In 2008, a separate Road and Cart Path Reserve Fund was created. An initial reserve allocation was transferred from the Capital Reserve Fund, using the component method to calculate the annual reserve allocation, where each component is identified separately. Again, in 2011, engineering firms were contracted to evaluate the estimated repairs and useful remaining lives of these assets. In the Road and Cart Path Reserve Fund, replacements of these assets were identified by their estimated useful remaining lives. For 2012, the annual allocation was $406,548 to the Road and Cart Path Reserve Fund.

In December 2012, the Road and Cart Path Reserve Fund was merged into the Capital Reserve Fund, via a transfer of $1,504,757 from the Road and Cart Path Fund. Reserve assessments collected in the Capital Reserve Funds amounted to $1,873,020 in 2013 and $2,002,470 in 2012. During the years ended December 31, 2013 and 2012, the total expenditures from the funds amounted to $1,597,562 and $1,178,558, respectively, of which $610,186 and $348,735, respectively, was expensed.

Note 7 - Interfund Borrowing

Until December 31, 2013, the Marina operated through an enterprise fund where revenues from fees for goods and services were used to support the operations. In September 2013, the Board of Directors approved a strategic plan where the Marinas became a consolidated, community amenity, rather than an internally separate entity. As a result, capital replacements at the Marinas are treated the same as for all other departments, such as Public Works and Security. This approach supports the 2013 community survey findings that 94% of respondents agreed that “The Landings’ Marinas and surrounding areas benefit all property owners” and that 95% of respondents are satisfied with the Marinas.

One result of this transition is the elimination of the Marinas’ interfund loans. The total amount of the interfund loans elimination was $1,416,830. Without the debt service requirement going forward, the Marina is positioned to transfer all year-end cash in excess of $500,000 to the Reserves to support current and future capital needs of both the Marinas and the Association.

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.
Subsequently, the Board of Directors determined there was not the need for the Association to pay itself interest, and the final $46,577 was paid to the Reserve Fund in December 2012.

In 2005, the Marinas borrowed a total of $1,377,000 from the Operating Fund, primarily to finance the seawall replacement at Landings Harbor. As of December 31, 2012, a total of $673,070 remained to be repaid by the Marinas to the Operating Fund. At the time of elimination, December 31, 2013, a total of $648,091 remained outstanding.

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 eight-year loan was $161,605 as of December 31, 2012. At the time of elimination, December 31, 2013, a total of $122,048 remained outstanding.

In 2010, the Marinas borrowed $214,006 from the Reserve Fund to pay for the purchase of a negative lift used at Landings Harbor. The balance on this 18-year loan was $185,606 as of December 31, 2012. At the time of elimination, December 31, 2013, a total of $175,718 remained outstanding.

In 2010, the Marinas borrowed $67,244 from the Reserve Fund to pay for a tarmac extension at Landings Harbor. The balance on this 30-year loan was $62,398 as of December 31, 2012. At the time of elimination, December 31, 2013, a total of $60,565 remained outstanding.

In 2010, the Delegal Fixed Pier was renovated at a total cost of $893,845. The Marinas’ share of project cost, $251,605, was borrowed from the Reserve Fund. The balance on this 35-year loan was $240,795 as of December 31, 2012. At the time of elimination, December 31, 2013, a total of $235,225 remained outstanding.

In 2012, the Association’s Capital Reserve Fund paid off the SunTrust acquisition loan early for the Marinas, and a new interfund loan was established between the Marinas and the Capital Reserve Fund. The balance on this four-year loan was $232,671 as of December 31, 2012. At the time of elimination, December 31, 2013, a total of $175,183 remained outstanding.

Note 8 - Pension Plan
The Association and the Company each maintain 401(k) retirement plans for eligible employees who are age 18 or older. Employees may contribute annually up to the lesser of 20% of their salaries or $17,500 and $17,000 for the years ended December 31, 2013 and 2012, respectively. The Association's plan provides an employer match of 100% of the first 4% of the salary deferred by an employee, as well as a discretionary contribution, and does not have a length of service requirement.

The Company's plan provided for an employer match of 50% on the first 4% of the salary deferred by an employee. Effective December 2012, the Company increased the matching contribution to 100% of the first 4% of the salary deferred by an employee.

For the years ended December 31, 2013 and 2012, the Association's contributions amounted to $220,406 and $215,649, respectively, into the 401(k) plan. Expenses for the Company amounted to $33,770 and $9,434 for the years ended December 31, 2013 and 2012, 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 the Codification. The Association and the Company adhered to guidance issued by the FASB with respect to accounting for uncertainty in income taxes. 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. Once the threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

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 no longer are subject to examination by taxing authorities for years before 2010. The Association and the Company do not expect the total amount of unrecognized tax benefits to change significantly in the next 12 months. If incurred, the Association and the Company would recognize interest and penalties related to unrecognizable tax benefits in interest expense. The Association and the Company did not record interest or penalties related to income taxes for the years ended December 31, 2013 and 2012.

Association - The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the years ended December 31, 2013 and 2012. 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.

For federal income tax purposes, a net operating loss (NOL) of approximately $301,000 will be carried forward to offset taxable income of the Association in future years and will begin to expire in 2029. This NOL includes $63,000 and $238,000 related to 2013 and prior years, respectively. For state income tax purposes, an NOL of approximately $611,000 will be carried forward to offset taxable income in future years. This NOL includes $63,000 related to 2013, and $548,000 related to prior years. This NOL will begin to expire in 2028. A corresponding deferred tax asset of $109,000 has been recorded for the potential NOL carryforward benefit, and a valuation allowance has been established for the full amount, as shown below:

<table>
<thead>
<tr>
<th>Long-term deferred tax asset:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal NOL deferred asset</td>
<td>$ 72,000</td>
</tr>
<tr>
<td>State NOL deferred asset</td>
<td>37,000</td>
</tr>
<tr>
<td></td>
<td>109,000</td>
</tr>
<tr>
<td>Less valuation allowance for NOL assets</td>
<td>(109,000)</td>
</tr>
<tr>
<td></td>
<td>$  0</td>
</tr>
</tbody>
</table>
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, 2013, the Company had a long-term net deferred tax asset and short-term deferred tax liability. Significant components of the Company’s deferred tax balances as of December 31, 2013 are as follows:

<table>
<thead>
<tr>
<th>Long-term deferred tax asset:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal NOL deferred asset</td>
<td>$131,000</td>
</tr>
<tr>
<td>State NOL deferred asset</td>
<td>49,000</td>
</tr>
<tr>
<td>Depreciation difference</td>
<td>(12,000)</td>
</tr>
<tr>
<td></td>
<td>168,000</td>
</tr>
</tbody>
</table>

Less valuation allowance for NOL assets     (90,000)   $ 78,000

<table>
<thead>
<tr>
<th>Current deferred tax liability:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation difference</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax expense</td>
<td>$    -</td>
</tr>
<tr>
<td>Deferred tax expense</td>
<td>33,100</td>
</tr>
<tr>
<td></td>
<td>33,100</td>
</tr>
</tbody>
</table>

For federal income tax purposes, a net operating loss (NOL) of approximately $384,000 will be carried forward to offset taxable income of the Company in future years and will begin to expire in 2030. This NOL includes $176,000 and $208,000 related to 2013 and prior years, respectively. For state income tax purposes, an NOL of approximately $817,000 will be carried forward to offset taxable income in future years. This NOL includes $176,000 related to 2013, and $641,000 related to prior years. This NOL will begin to expire in 2029. A related deferred tax asset of $180,000 has been recorded, and a valuation allowance for half of this total has been established.

Note 10 - Legal Matters
The prospect that the following claims will result in an outcome unfavorable to the Association is 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 property owner has a pending claim for damages due to alleged trespass by the Association. The Association does not believe a result unfavorable to the operation of the Association will occur.

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 (Williams v. The Landings Association). In
November 2009, the Company was granted a motion for summary judgment and removed as a defendant in this case. In July 2010, the case was turned over to the appellate court for their review and ruling. Many of the claims of the Plaintiffs were resolved by the grant of summary judgment in favor of the Association. Remaining issues on appeal were heard by the Supreme Court of Georgia. On June 18, 2012, the Georgia Supreme Court issued its ruling, favorable to the Association. The plaintiffs filed a Motion for Reconsideration with the Georgia Supreme Court suggesting that the Court majority erred in its decision in the June 18th ruling. The motion asked the Court to reconsider and send the case back to the trial court for a trial by jury. The Association’s legal counsel filed a response in opposition to the motion. On July 26, 2012, the Supreme Court of Georgia denied the plaintiff’s motion for reconsideration which claimed that the Association should be held liable. The Supreme Court decision stands.

A lawsuit was filed in January 2012 against the Company alleging a financial loss stemming from a conflict of interest with an individual real estate broker utilized by the Company in a particular real estate transaction. The Company is contesting this lawsuit vigorously.

**Note 11 - Lines Of Credit**
The Association has a secured $5,000,000 line of credit agreement with SunTrust Bank, bearing interest at 2.8% percent over the one-month LIBOR rate, with a floor of 3%. At December 31, 2013 and 2012, no balance was outstanding under this agreement.

The Company maintains a $330,000 line-of-credit agreement with SunTrust Bank bearing interest at 2.8% over the one-month LIBOR rate with a floor of 3%. At December 31, 2013 and 2012, no balance was outstanding under this agreement.

The Association maintains a $500,000 credit limit with SunTrust Bankcard, N.A. bearing interest at 0.0%. At December 31, 2013 and 2012, $104,459 and $45,058, respectively, were outstanding balances on the credit card.

The Company maintains a $41,000 credit limit with SunTrust Bankcard, N.A. bearing interest at 8.24%. At December 31, 2013 and 2012, $3,168 and $6,247, respectively, were outstanding balances on the credit card.

**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 $213,970 and $207,842 in 2013 and 2012, respectively.

The Company paid $0 and $7,203 to the Club towards joint marketing efforts during the years ended December 31, 2013 and 2012, respectively. The Club paid $25,271 and $24,000, respectively, to the Company for marketing consulting services during the years ended December 31, 2013 and 2012.

**Note 13 - Long-Term Debt**
**Association** - Long-term debt consisted of a variable rate promissory note in the original amount of $901,355 payable to SunTrust Bank. The note was 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 was due and payable on January 10, 2017. In December 2012, the $232,652 balance on the note with SunTrust Bank was paid off early by the Association’s Capital Reserve Fund, resulting in no external debt. A new interfund loan was established between the Marinas and the Capital Reserve Fund. This interfund loan was subsequently eliminated as of December 31, 2013, as discussed in Note 7.
Note 14 - Company Commitments
The Company leases office equipment under non-cancelable operating leases expiring in various years through 2018. The Company incurred rental expense relating to operating leases of $3,792 and $7,104 for the years ended December 31, 2013 and 2012, respectively.

Minimum annual lease payments are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$5,296</td>
</tr>
<tr>
<td>2015</td>
<td>1,820</td>
</tr>
<tr>
<td>2016</td>
<td>1,820</td>
</tr>
<tr>
<td>2017</td>
<td>1,820</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,365</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,121</strong></td>
</tr>
</tbody>
</table>

Note 15 - Association Commitments
Landscape and Rights-of-Way Maintenance Agreement - ValleyCrest Landscape Maintenance provides landscaping and mowing services to the Association, under a three-year contract. This contract was renewed in 2011, for the years 2012-2014.

The annual payments under this agreement are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Service Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$970,700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$970,700</strong></td>
</tr>
</tbody>
</table>
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, as well as the marina facilities. In 2011, engineering firms conducted studies to update the valuations and estimated useful lives of these components, as described in Note 6.

In 2008, roads and cart paths were segregated into a separate reserve fund. Estimated current replacement costs were updated in 2011, based on the engineering studies. In 2012, the Road and Cart Path Reserve Fund was merged into the Capital Reserve Fund.

Other common property and major equipment components are reviewed annually by the Public Works Committee and staff. In 2011, the Association engaged a Reserves Specialist to provide review of the Reserve balance methodology and valuations. The Reserves Specialist confirmed the methodology, and this information was reviewed with the Association’s Reserves Subcommittee.

The following information is based on the 2011 reviews and a 2011 insurance appraisal review, as well as staff reviews and knowledge, and presents significant information about the components of common property. Amounts are rounded to the nearest thousand dollars.

Per the Association's funding formula, the Reserve Fund includes the maximum property insurance deductible, as well as replacement costs of critical assets not covered by insurance.

Photo by Beth Powers
<table>
<thead>
<tr>
<th>Components</th>
<th>Estimated Remaining Useful Life (Years)</th>
<th>Estimated Current Replacement/ Repair Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Facilities</td>
<td>10 to 20</td>
<td>$239,172</td>
</tr>
<tr>
<td>Association Signage</td>
<td>6 to 20</td>
<td>224,700</td>
</tr>
<tr>
<td>Automatic Gates</td>
<td>1 to 10</td>
<td>686,372</td>
</tr>
<tr>
<td>Backhoe</td>
<td>1</td>
<td>80,000</td>
</tr>
<tr>
<td>Cart Paths/Trails</td>
<td>1 to 15</td>
<td>3,849,296</td>
</tr>
<tr>
<td>Delegal Structure</td>
<td>8 to 31</td>
<td>929,605</td>
</tr>
<tr>
<td>Dock Boxes</td>
<td>7</td>
<td>15,000</td>
</tr>
<tr>
<td>Dock Pilings</td>
<td>12</td>
<td>30,000</td>
</tr>
<tr>
<td>Field/Park Rehabilitation</td>
<td>4</td>
<td>40,000</td>
</tr>
<tr>
<td>Floating Docks</td>
<td>1-8</td>
<td>1,778,000</td>
</tr>
<tr>
<td>Forklifts</td>
<td>14-19</td>
<td>524,006</td>
</tr>
<tr>
<td>Front-end Loader</td>
<td>4</td>
<td>50,000</td>
</tr>
<tr>
<td>Fuel Tanks</td>
<td>8</td>
<td>32,000</td>
</tr>
<tr>
<td>Gangways</td>
<td>8</td>
<td>23,000</td>
</tr>
<tr>
<td>Gate Facilities</td>
<td>10-20</td>
<td>93,000</td>
</tr>
<tr>
<td>Gate Irrigation and Drainage Systems</td>
<td>2-18</td>
<td>274,000</td>
</tr>
<tr>
<td>Harbor Dredge</td>
<td>4</td>
<td>298,000</td>
</tr>
<tr>
<td>Harbor Dry Stack Storage</td>
<td>2</td>
<td>2,200,000</td>
</tr>
<tr>
<td>Harbor Electrical Transformer</td>
<td>21</td>
<td>40,000</td>
</tr>
<tr>
<td>Harbor Seawall</td>
<td>21</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Harbor Tarmac</td>
<td>7-26</td>
<td>270,000</td>
</tr>
<tr>
<td>IT Equipment</td>
<td>1 to 7</td>
<td>311,760</td>
</tr>
<tr>
<td>Lagoon Dikes and Structures</td>
<td>1-40</td>
<td>2,519,540</td>
</tr>
<tr>
<td>Marsh Tower and Observation</td>
<td>10</td>
<td>150,000</td>
</tr>
<tr>
<td>Other Infrastructure Components</td>
<td>1 to 31</td>
<td>3,845,767</td>
</tr>
<tr>
<td>Phone System</td>
<td>2</td>
<td>50,000</td>
</tr>
<tr>
<td>Public Works Facilities</td>
<td>7-13</td>
<td>140,000</td>
</tr>
<tr>
<td>Road Bridges</td>
<td>5-52</td>
<td>3,776,000</td>
</tr>
<tr>
<td>Roads</td>
<td>2-20</td>
<td>13,068,361</td>
</tr>
<tr>
<td>Storm Drain Pipes</td>
<td>15 to 65</td>
<td>38,049,695</td>
</tr>
<tr>
<td>Street Sweepers</td>
<td>5</td>
<td>220,000</td>
</tr>
<tr>
<td>Vacuum Jetter Truck</td>
<td>1</td>
<td>150,000</td>
</tr>
</tbody>
</table>

$75,257,274
Other Supplementary Information:
Detailed Association and Marina Financial Records

*Excludes Equity in and Results of Operations of The Landings Company*
### ASSETS

**Current Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2013</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>$1,623,043</td>
<td>$1,288,799</td>
</tr>
<tr>
<td>Cash &amp; money market accounts</td>
<td>$428,537</td>
<td>$496,161</td>
</tr>
<tr>
<td>Cash held in escrow</td>
<td>$271,925</td>
<td>$139,532</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$2,110,814</td>
<td>$1,428,331</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>$100,000</td>
<td>$146,000</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>$35,236</td>
<td>$167,744</td>
</tr>
<tr>
<td>Inventories</td>
<td>$3,209</td>
<td>$2,497</td>
</tr>
<tr>
<td>Prepaid insurance &amp; other</td>
<td>$77,401</td>
<td>$58,815</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$2,110,814</td>
<td>$1,428,331</td>
</tr>
<tr>
<td>Property, Plant &amp; Equipment, net</td>
<td>$3,396,622</td>
<td>$3,226,466</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$5,509,536</td>
<td>$5,552,053</td>
</tr>
</tbody>
</table>

**LIABILITIES AND EQUITY**

**Current Liabilities**

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2013</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable &amp; accrued expenses</td>
<td>$303,742</td>
<td>$193,518</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$4,875</td>
<td>$6,200</td>
</tr>
<tr>
<td>Escrow balances &amp; deposits</td>
<td>$271,925</td>
<td>$139,532</td>
</tr>
<tr>
<td>Accrued payroll &amp; taxes withheld</td>
<td>$117,050</td>
<td>$108,185</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$697,592</td>
<td>$447,435</td>
</tr>
</tbody>
</table>

**Equity**

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2013</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members' equity</td>
<td>$4,811,944</td>
<td>$5,104,618</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>$4,811,944</td>
<td>$5,104,618</td>
</tr>
</tbody>
</table>

**TOTAL**

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2013</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$5,509,536</td>
<td>$5,552,053</td>
</tr>
</tbody>
</table>

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

1 - Allowance for doubtful accounts was $18,800 and $36,200 as of December 31, 2013 and 2012, respectively.
<table>
<thead>
<tr>
<th>Revenues</th>
<th>Year ended December 31, 2013</th>
<th>Year ended December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating</td>
<td>Marina</td>
</tr>
<tr>
<td>Assessments</td>
<td>$ 4,974,880</td>
<td>$ 4,974,880</td>
</tr>
<tr>
<td>Marina</td>
<td>$ 1,439,059</td>
<td>$ 1,439,059</td>
</tr>
<tr>
<td>Vehicle registration</td>
<td>690,200</td>
<td>690,200</td>
</tr>
<tr>
<td>Service agreements</td>
<td>264,287</td>
<td>264,287</td>
</tr>
<tr>
<td>Architectural review fees</td>
<td>105,956</td>
<td>105,956</td>
</tr>
<tr>
<td>Interest earned</td>
<td>10,914</td>
<td>10,914</td>
</tr>
<tr>
<td>Telecommunications lease</td>
<td>118,275</td>
<td>118,275</td>
</tr>
<tr>
<td>Other</td>
<td>350,103</td>
<td>350,103</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,514,615</td>
<td>1,439,059</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Year ended December 31, 2013</th>
<th>Year ended December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating</td>
<td>Marina</td>
</tr>
<tr>
<td>Community services</td>
<td>1,420,861</td>
<td>1,420,861</td>
</tr>
<tr>
<td>Public works</td>
<td>3,135,282</td>
<td>3,135,282</td>
</tr>
<tr>
<td>Marina</td>
<td>1,222,041</td>
<td>1,222,041</td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>1,738,917</td>
<td>1,738,917</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,297,560</td>
<td>1,222,041</td>
</tr>
</tbody>
</table>

| Net (expenses) revenues              | (247,226) | 60,485 | (186,741) | 1,282,332 | 1,095,591 | (399,997) | 73,254 | 1,664,235 | 1,191,884 |

| Equity, January 1                     | 5,104,618 | 764,087 | 5,868,705 | 5,982,971 | 11,851,676 | 4,232,911 | 790,948 | 5,635,853 | 10,659,792 |
| Transfers                             | 1,371,382 | 1,371,382 | 1,371,382 | - | 1,270,724 | 46,393 | (1,317,117) | - |
| Interfund borrowing elimination      | (1,416,830) | (1,416,830) | - | - | - | - | - |
| **Equity, December 31**              | $ 4,811,944 | $ 2,241,402 | $ 7,053,346 | $ 5,893,921 | $ 12,947,267 | $ 5,104,618 | $ 764,087 | $ 5,982,971 | $ 11,851,676 |

**NOTE** - The accompanying Notes to Financial Statements are an integral part of these financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES

Excess of revenues (under) over expenses

$ (247,226) $ 60,485 $ (186,741) $ 1,282,332 $ 1,095,591

Adjustments to reconcile excess of revenues (under) over expenses to net cash provided (used) by operating activities:

Depreciation
464,281 156,533 620,814 620,814
Provision for doubtful accounts
(15,254) (2,169) (17,423) (17,423)
Decrease in income taxes receivable
(3,208) 11,762 8,554 8,554
(Increase) decrease in other receivables
(712) 15,183 14,471 14,471
(Increase) decrease in inventories
110,224 (9,055) 101,169 101,169
Increase (decrease) in accounts payable & accrued expenses
8,865 8,865
(Decrease) increase in other receivables
1,250,745 (1,416,830) (166,085) 166,085
Net cash provided (used) by operating activities
1,680,197 (1,230,084) 450,113 1,448,417 1,898,530

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures
(10,722) (115,055) (125,777) (703,307) (829,084)
Capital asset transfers
(625,715) (625,715) 625,715
Proceeds from sale of short-term investments
- 1,500,000 1,500,000
Maturity (purchase) of certificates of deposit
46,000 46,000 (1,250,000) (1,204,000)
Net cash (used) provided by investing activities
(590,437) (115,055) (705,492) 172,408 (533,084)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments under long-term bank agreement
- -
Interfund receivable/payable elimination
(648,098) 1,416,830 768,732 768,732
Receipts (repayments) under interfund long-term agreements
24,975 (139,315) (114,340) 114,340
Net cash (used) provided by financing activities
(623,123) 1,277,515 654,392 (654,392) -

Increase (decrease) in cash and cash equivalents
466,637 (67,624) 399,013 966,433 1,365,446
Cash and cash equivalents, January 1
1,428,331 496,161 1,924,492 3,541,780 5,466,272
Cash and cash equivalents, December 31
$ 1,894,968 $ 428,537 $ 2,323,505 $ 4,508,213 $ 6,831,718

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest by The Landings Association, Inc.
$ -
No cash was paid during either year for income taxes.

NOTE - The accompanying Notes to Financial Statements are an integral part of these financial statements.
The Landings Association
2013 Annual Report
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