Dear Fellow Residents,

It is my pleasure to present The Landings Association’s 2016 Annual Report. This document contains a wealth of useful information, from our complete audited Financial Statements, to a summary of 2016 accomplishments, to an overview of Association departments, to a report from The Landings Company. I hope you will take the time to carefully read the entire report, as it not only shows how your Assessment dollars are used, but it validates your investment in this community that we call home.

As you will read, 2016 was a successful year for The Landings Association. It also was a trying time for our community, as within the course of two months we were hit by two major weather events -- Tropical Storm Hermine and Hurricane Matthew. But as the actress Taylor Benson once said, “It is during our darkest moments that we must focus to see the light.” And focus our community did!

General Manager/COO Shari Haldeman and her staff worked tirelessly during and after the weather events. This shouldn’t come as a surprise to any of us, as staff show the same level of commitment every day to managing the Association to the highest levels.

I would be remiss if I did not mention the work of The Landings Association’s Board. Your resident peers worked hard to make certain we remain on the right course as we look ahead to the future. You could not ask for a more committed group of individuals.

Finally, none of this would even matter nor would most of it be possible without each of you. I have said on numerous occasions and will continue to say, The Landings is a unique place because it is made up of the most talented and caring people I have ever encountered in one place. Our residents play key roles in the success of this community with the care they put into the Association as volunteers and active participants. Whether offering a suggestion, volunteering to serve on a committee, or simply sharing a kind word and a smile, your involvement matters. Thank you for your support and commitment to your community and home…The Landings.

I’ll close by reviewing several Strategic Plan initiatives accomplished in 2016 by The Landings Association.

- **Environmental Sustainability/Stewardship** - The Sustainability Committee submitted a Vision Plan to Audubon International. Skidaway Audubon (Sustainable Skidaway) continues to work with The Landings Association and The Landings Club to have The Landings designated as a Certified Sustainable Community in 2017 in a program under the auspices of Audubon International. In other Sustainable news, Solar Panels were installed on The Landings Association’s roof with real-time monitoring; Utilities, Inc. launched the Eye on Water Mobile App to help residents track water usage in their homes; and the Association held a Landscape and Water Conservation Expo to educate residents on the importance of water conservation.

- **Development/Housing** - The Landings Association filed a Master Plan clarification with the Metropolitan Planning Commission (MPC). We also revised the Architectural Guidelines. The process began with a benchmark analysis of competitive communities to evaluate their approaches to handling sustainable technology and shifting housing trends. Staff then hosted a series of stakeholder meetings to gain feedback from permit holders, real estate agents, builders, and sustainability committee members to identify the strengths and weaknesses of the existing document. With this feedback, staff and the Architectural Review Committee began revising the document. The most obvious change to the
document is its appearance. The document has been completely rewritten so that design intentions are clear and informative. We reformatted the document hierarchy so that the content is arranged in a more logical order, and the document has also been enhanced with photography, visual aids, diagrams, and tables.

• **Amenities, Activities, Programs, Services** - We hired our first Community Programs Manager to organize programs available to all residents. I’m certain you have noticed the increase in activities, from the educational Sunset Sips Series and Science on Tap to Orienteering and Star Parties, to the much-loved seasonal cookouts and our first Mac & Cheese Festival. There are more exciting programs in store for 2017, so be certain to check out the Community Programs Calendar on The Landings Association's Website (www.landings.org). Simply click Calendar > 2017 Community Programs.

• **Governance and Decision Making** - The Landings Association's Board represented the community on such issues as the proposed Roundabout at the entrance to The Landings. Chatham County heard our unanimous and collective “No” on this issue and agreed to find another solution. Other governance issues included the Village PUD and Indigo Hall Assisted Living Facility, successful property tax appeals, County Collection of Yard Debris (when the County’s grinder was down, and they opted no longer to pick up Palm Fronds and Bamboo in The Landings, the Association arranged for them to dump at Evergreen's facility for a negotiated rate), the management of Tropical Storm Hermine and Hurricane Matthew, and the Incorporation Study.

I am proud of the work that was accomplished in 2016 and look forward to 2017 being even more successful. Landings residents truly understand what it means to be a community, and I for one, am pleased to be a part of this island family.

Sincerely,

Rex Templeton, Jr.
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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.
Dear Residents,

An extremely busy 2016 was topped off by the severe impact of the one-two punch delivered by Hurricane Matthew on the heels of Tropical Storm Hermine.

In the early morning hours of September 2, 2016, Tropical Storm Hermine spawned an EF-1 rated (86-110 mph wind speeds) tornado that damaged 65 homes during its 1.5-mile-long, 350-yard wide trek through Marshwood. The countywide cleanup from Hermine challenged the Chatham County Public Works crews that normally provide weekly yard waste collection in The Landings. Coupled with storm debris removal, this service disruption exacerbated the conditions in our community. The Landings Association's Public Works Department, supplemented by Association-contracted crews, labored tirelessly through the month of September to clean up our community. The $140,000 cost of this work depleted and exceeded the Association's and Marinas’ $125,000 Operating Contingency budgets.

By the end of September, cleanup from Hermine was nearing full completion, and Hurricane Matthew’s movements in the Caribbean required our attention. Matthew’s peak intensity was late September 30 into October 1, when it reached Category 5 strength with 160 mph winds. The Southeastern United States then was hit hard by Hurricane Matthew as it ripped up the coast. Matthew made one official landfall as a Category 1 hurricane with 75 mph winds on October 8, 2016. Our area and community were evacuated on October 6, and the storm’s impact materialized in the late hours of October 7 into October 8. The impact of this worst storm in 100+ years was immediate and extensive, with thousands of downed trees, numerous gas leaks, and widespread power outages for days. Both marinas, especially Delegal, experienced extensive damage. The total number of homes damaged, based on restoration permits issued, was more than 400.

The Association’s cost of the storms was $1.8M by the end of 2016, resulting largely from our costs associated with storm debris disaster-relief contractors required to remove the massive amount of tree debris. The immediate and ongoing threat to life, safety, health, and the wellbeing of our residents required definitive and ongoing action from The Landings Association to contend with these dangers. Chatham County delayed support for private community storm debris removal for the first six weeks following Matthew, as they made application for FEMA assistance. The untenable life-safety conditions warranted our continued efforts to address the dangers, and Board approval was obtained to divert funds originally scheduled for transfer to the Reserves Fund at the end of 2016 for use in the cleanup cost.

The County’s initial FEMA application for storm debris assistance in private communities was denied. An appeal was filed, which ultimately was successful. However, this provided reimbursement only to Chatham County for its debris removal expenditures from private residences and not to The Landings Association for costs incurred.

Before the successful FEMA appeal, the County ultimately decided to move contract crews and grapple trucks into the private communities, recognizing its legal obligation for storm debris removal throughout all unincorporated Chatham County.

Funding for the Association’s storm debris removal was possible largely through use of funds planned for year-end allocation to Capital Reserves, revenues in excess of budget (such as property tax refunds from our successful appeal, increased Marina revenues, and increased ARC review fees) coupled with the need to postpone operating budget plans and projects scheduled for the last quarter of 2016. Various projects deferred or postponed include the engineering and design for the Athletic Field improvements, Bartram Road
community path, Landings Harbor picnic grounds site plan, lagoon dredging, lagoon structure replacement, storm drain replacements, street repairs, Landings Harbor dry stack replacement (deferred to 2021-22), and the Community Navigation project.

Regular discussions with the Board of Directors in the aftermath of Hurricane Matthew were held to evaluate the status of cleanup and the daily cash burn rate associated with the cleanup cost. The continued delay in County storm debris collection support ultimately resulted in the decision to recommend community consideration of a Special Assessment proposal, in the amount of $400 payable over two years, to restore the Association Capital Reserve fund and enable restoration of our common properties. The proposal received approval from 87% of the owners who voted, with 2,733 “Yes” votes and 422 “No” votes.

Approval of the Special Assessment in December 2016 enabled the following changes to the 2017 Association budget:

- $236,235 is included in both the 2017 and 2018 Operating Budgets for Landscaping to address restoration required on common property, including center islands, courtyards, parks, and gates, resulting from damage due to Tropical Storm Hermine and Hurricane Matthew.
- Additional money was also budgeted in the Operating Budget for 2017 for Mailbox Restoration ($25,000), Storm Drain Repair ($30,000), Engineering ($125,000), and Debris Removal ($100,000) to address restoration required on common property.
- The replacement of the Landings Harbor dry stacks was moved up to 2018-19 from 2021-22.

Despite Tropical Storm Hermine and Hurricane Matthew, the employee team of this Association remains committed to the long-term view, our core mission, and highest priorities, while seeking opportunities for strategic change in the way business is conducted that will pay off now and into the future. Adaptability and flexibility, innovation, and continuous improvement are core organizational values that drive our actions to increase efficiency and effectiveness in meeting our core mission of service delivery. We believe these values were instrumental in our overall success in preparing for and responding to both Hermine and Matthew.

These same values have been instrumental in the updating and executing of the Association’s Strategic Plan. In early 2015, the Board of Directors approved the new Strategic Plan, which was presented to the community during the Annual Meeting. Much work continued into and through 2016, which includes 40+ strategies to accomplish five key objectives over the next 4-5 years. Following are some highlights of accomplishments and milestones achieved in collaboration with our community partners during 2016:

**Environmental Sustainability/Stewardship**
- Held Landscape & Water Conservation Expo
- Unveiled new TLA Conservation Corner page on Facebook
- Submitted “Vision Plan” to Audubon International, a key step in the Sustainable Community application process
- Rolled out “Eye on Water” App
- Conducted Water Audit of TLA facilities
- Installed Solar Panels on Administration Building, with live link to our website for real-time monitoring
- Completed Recycling Center upgrade
General Manager’s Report

Housing
- Launched Covenants Appeals Committee in January and held mock trial; monthly appeals hearings being held
- Conducted Sprayfield efficiency study through Nutter & Associates
- Held Deck Renovation Expo
- Concluded TLA litigation on Moon River properties
- Revised Architectural Review Guidelines, incorporating significant focus group input
- Obtained Metropolitan Planning Commission approval of Landings Master Plan

Technology
- Transitioned from local file storage to Microsoft’s SharePoint cloud storage
- Launched SeeClickFix app
- Replaced barcodes in Marshview and Moon River with RFID (Radio frequency identification); project to be completed community-wide in 2017
- Launched new Association website, including single login across our website and guest pass systems
- Implemented Marina online slip reservation system for guest boats
- Approved AT&T Fiber Installation program
- Upgraded Sunset Room Sound System
- Expanded Public Wi-Fi to Dog Park, Athletic Fields, Landings Harbor, Delegal Creek, and Main Gate

Amenities, Activities, Programs, and Services
- Hired Community Programs Manager
- Conducted annual TLA Pine Straw Program
- Hosted "A Day at Delegal" event in April
- Continued Friday night Sunset Cookout season (April - September) on the waterfront
- Offered a Paddleboard class at Delegal
- Highlighted community organizations in the monthly Spotlight feature of The Landings Journal
- Began monthly Sunset Sips educational series at Delegal’s Sunset Room
- Premiered a community orienteering event, “The Amazing Race”
- Organized an Astronomy Night with Armstrong State University at the Athletic Field
- Featured The Sponge Bob Movie: Sponge Out of Water on Movie Night at Landings Harbor
- Offered a Sunrise Yoga experience at Landings Harbor waterfront
- Resurrected the annual Spanish Mackerel tournament
- Hosted a Driftwood Discussion
- Kicked off a weeklong Social Media Scavenger Hunt
- Held a Science on Tap seminar
- Served up first annual Mac & Cheese Festival
- Held Medi-Redi (Medicare) Seminar
- Introduced the first annual Living Well Festival
- Facilitated a Marsh Walk with UGA Marine Education Center
- Organized a “Survival Camp – Kids vs. Wild” at Skidaway Island State Park
- Scheduled regular Marinas Sunset Cruises throughout the year
Governance and Decision - Making

- Initiated quarterly TLA/TLC Lagoon Contract performance meetings
- Presented the Economic Impact Study at the Annual Meeting in February
- Began monthly TLA/TLC/TLCo Collaborative Communications Meetings
- Received the Skidaway Island Incorporation Feasibility Study from Georgia State University Andrew Young School
- Revised ARC Guidelines
- Updated Association Bylaws
- Hosted the Landings Annual Elected Officials Roundtable
- Represented the community on County issues throughout the year, including
  - Roundabout at intersection of Causeway and McWhorter/Green Island Road
  - TLA Master Plan/PUD
  - Village PUD and Indigo Hall assisted living development
  - Property Tax appeals
  - County collection of yard debris – palm fronds and bamboo
  - Tropical Storm Hermine
  - Hurricane Matthew

The Landings continues to be an extraordinary and special community, resulting from high levels of meaningful resident engagement in community matters, coupled with the support and guidance of our numerous volunteers who serve on the Association’s Board and committees. We greatly value and appreciate your continuing involvement and dedication to our community.

With sincere thanks,

Shari Haldeman
General Manager/COO
2016 Landings Association Board Directors

Rex Templeton, Jr.
President

Jim Rich
Vice President

Joyce Marble
Treasurer

Jerry Beets
Secretary

Terry Breyman
Director

Rick Cunningham
Director

T.J. Hollis
Director

Nancy Pavey
Director

Hank Policinski
Director

Randy Stolt
Ex-Officio
Shari Haldeman
General Manager/
Chief Operating Officer

Karl Stephens
Chief Administrative Officer/
Finance Director

Paul Kurilla
Public Works/Community
Development Director

Tim Cook
Security Director

Rory Jose
Marinas Director
2016 Committees

EXECUTIVE
Rex Templeton, Jr., President
Jim Rich, Vice President
Joyce Marble, Treasurer
Jerry Beets, Secretary

FINANCE & AUDIT
Joyce Marble, Treasurer
Jerry Beets
Terry Breymen
Gary Herrman
John Kane
Wim Salien
Peter Calder, TLC Liaison
Nancy Pavey, TLCo Liaison
Karl Stephens, Dept. Contact
Shari Haldeman, Dept. Contact

GOVERNANCE
Jim Rich, Chair
Rick Cunningham
T.J. Hollis
Nancy Pavey
Hank Policinski
Shari Haldeman, Dept. Contact

STRATEGIC PLANNING
Jerry Beets, Chair
Nancy Pavey
Jim Rich
Shari Haldeman, Dept. Contact

WATER RATE
Joyce Marble, Treasurer
Terry Breymen
Gary Herrman
Shari Haldeman, Dept. Contact
Karl Stephens, Dept. Contact
Dianne Talcott, Dept. Contact

DEVELOPMENT
Jim Rich, Chair
Gary Bross
Cliff Frohn
T.J. Hollis
Jim McInerney
Jim Overton
Hank Policinski
Steven Freund, TLC Liaison
Raoul Rushin, TLCo Liaison
Shari Haldeman, Dept. Contact
Paul Kurilla, Dept. Contact

STRATEGIC WATER COMMITTEE
Terry Breymen, Chair
Rick Cunningham
Brenda Day
Bill Foster, Sr.
Bob Hainly
Charles Heino
Gary Herrman
Nancy Pavey
George Sedberry
Ron Medders, Utilities, Inc.
Steven Freund, TLC Liaison
Shari Haldeman, Dept. Contact
Paul Kurilla, Dept. Contact

REGULATORY COMMITTEES

ARCHITECTURAL REVIEW
Noel Ruppert, Chair
Charles Arraiz
Gerry Blattner
Gerry Cowart
Bob Fischer
John Fishburne
Paul Henderson
Donald Lieb
Jerry Beets, Board Contact
Paul Kurilla, Dept. Contact
Chelsey Byrnes, Dept. Contact
Preston Parfitt, Dept. Contact

APPEALS
Karen Blado
Charles Clos
Charles Scobee
Murray Stern
Richard Libeth, Chair
Tim Cook, Dept. Contact

COMMUNICATIONS
Joyce Glenn, Chair
Michael Auen
Anita Clos
Maryce Cunningham
Brenda Day
John Kosiewicz
Chris Savage

STANDING COMMITTEES

INSURANCE
Jack Coderre
Donald Lieb
Pryor Robertson
Kent Urrness
Karl Stephens, Dept. Contact
Dianne Talcott, Dept. Contact

NEIGHBORS
HELPING NEIGHBORS
Sandy Caruso
John Martin
Don McCulloch
Anne Salley
Mary Stewart
Caryl Warner

WATER CONSERVATION
Rick Bayard
Brenda Bearden
Terry Drehmel
Bill Haegel
Robert Rogers
Peggy Utley
Ron Medders, Utilities, Inc.
Sean Burgess, Dept. Contact

DOG PARK
Stuart Fletcher, Chair
Tim Andrews
Blake Caldwell
Joseph DeBerardinis
Joyce Eddy
Cathy Ferrone
Robin Rackoff
Beth Roth
Callie Ryan
Mary Ellen Sullivan
Ingrid Poppell, Dept. Contact

TALLOW TREE SUBCOMMITTEE
Joanne Bovey
Phil Boyer
Whitey Carpenter
Ed Conant
Bart Davis
Aletha Dunlavy
Anne Fenstermacher
Sandra Haeger
Martin Halper
Don Kosiewicz
Don McCulloch
John Ptacek
Steve Rice
Linda Rich
Steve Schwarz
Jerry Thompson
Rudi Wunsch
Ann Yingling
Communications and Community Outreach Mission Statement

The mission of the Communications and Community Outreach (CCO) Department is to provide timely and effective communications, well-attended community programs, and internal human resources, while also providing and servicing the information technology backbone for The Landings Association. Beginning in 2017, the department will consist of the Communications Program, Community Programs, Human Resources/Organizational Effectiveness, and the Information Technology Program. The Community Relations Representative function will move to the Executive Management Department as of 2017, and Human Resources will move to this department at that same time. Therefore, this department has been retitled Communications and Community Outreach.

2016 HIGHLIGHTS

Landings Association Website (www.landings.org) and Social Media Sites

We launched our new website in early 2016, providing a more interactive experience, easier navigation for our users, and easier maintenance by staff. We created an Instagram account and several more Facebook sites. We held our first-ever Social Media Scavenger Hunt to increase visibility and usage. In 2017, we will focus on promoting these various sites as well as our SeeClickFix technology and our upcoming CitizenServe software.

The Landings Journal

The Landings Journal is the publication-of-record for The Landings Association, providing a monthly update on Landings Association Board issues, department progress, community announcements, and future events. Toward the end of 2016, we moved graphic design of this publication back in house, saving money and allowing a more efficient use of our staffing time by removing an intermediary in the process.

Community Communications

Community Communications include production and/or publication of voting packets, the Annual Report, and the Residential Directory, all of which had their graphic design brought back in house in 2016. These media inform residents in a timely manner, and fulfill the legal requirements of the Association. In addition, advertisements in the Residential Directory will continue to provide a significant revenue stream for the Association.

The department coordinates governmental outreach, such as an Annual Landings Roundtable, as well as other meetings and encounters with elected and appointed officials, and includes 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 addition, the department assisted in the creation of a Skidaway Island Incorporation Feasibility study.

In 2013, we partnered with The Landings Club and The Landings Company to restart the New Owner Receptions. These have been well attended and received very positive response. Various senior Association staff take turns presenting at these functions, providing a good opportunity for a variety of interactions with our new residents. We held three such events in 2016 and plan to continue them in 2017.

In 2016, we began recording video demonstrations for some of our software systems, to allow easier use by our customers.
In 2016, The Landings Association hired our first-ever Community Programs Manager, as part of our Strategic Plan Strategy to “Develop and deliver an expanded array of amenities and services that complement those offered by the Club and promote an active lifestyle, create a strong sense of community, and are valued by our current and future residents”.

Special events organized or assisted by the department include the annual LandingsFest, Landings Night with the Savannah Bananas, Delegal Marina and Landings Harbor Cookouts during the season, Landings Harbor Fishing Tournament, and Town Hall Meetings, including the Association’s Annual Meeting and a Hurricane Town Hall Meeting.

New in 2016 was the Mac and Cheese Fest, as well as the educational seminars Sunset Sips and Science on Tap at Delegal, along with Sunrise Yoga, Summer Star Party, and The Amazing Race Orienteering Event. 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 2017.

The purpose of the Information Technology (IT) Program is to provide ever-improving levels of customer service to residents, contractors, other external customers, and employees by implementing, administering, and supporting The Landings Association’s technology systems, which include computer hardware and software, phones, security cameras, and other IT systems. Most of this support has been outsourced.

In 2016, we increased our usage of our Geographic Information System (GIS) software, to help us graphically view data and respond in a more effective manner. This software has been tied in to our new database software, allowing for automated reporting. As part of this GIS update, we plan to roll out a system in 2017 that will be open to the residents.

In addition, in 2016 we implemented an online payment system for such items as Marina and RV/Storage Yard charges and replaced our point-of-sales system. We also expanded our public Wi-Fi network to the Association’s athletic fields, Dog Park, and Landings Harbor Marina, to join the already existing network in the Administration Building and at Delegal Creek Marina. We moved to a cloud-based phone system, that will not be subject to disruptions from local disasters.

In 2017, we will move our SQL server to the cloud, as we move further away from having to support local hardware. We also plan to upgrade our purchase order software.

The purpose of the Human Resources/Organizational Effectiveness Program is to ensure organizational compliance with employment laws and best practices; maintain accurate workforce data and generate needed reports; oversee employee benefit programs and worker’s compensation administration; and lead an effective and efficient hiring process to meet the needs of various departments.

The Human Resources Manager supports organizational development efforts through regular communication of strategic updates, scheduling periodic inter-departmental meetings, and gathering feedback regarding professional development needs while proving a knowledgeable asset to employees as they navigate available HR programs, tools, and benefits.
The *Landings Journal* remains a favorite source of residential information. However our website (www.landings.org) and social media sites (Facebook, Twitter, and Instagram) continue to grow in popularity with each passing year.

Landings Association Community Programs continue to attract residents of all ages. Above is the Kids Versus Wild event held in 2016 at the Skidaway Island State Park.

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association E-Mail Bulletins Distributed</td>
<td>417</td>
<td>292</td>
</tr>
<tr>
<td>Facebook Posts</td>
<td>478</td>
<td>92</td>
</tr>
<tr>
<td>Instagram Posts</td>
<td>168</td>
<td>N/A</td>
</tr>
<tr>
<td>Tweets</td>
<td>98</td>
<td>54</td>
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<tr>
<td>Barcodes Processed</td>
<td>4,106</td>
<td>4,257</td>
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<tr>
<td>Percent Board Election Turnout</td>
<td>41%</td>
<td>50%</td>
</tr>
<tr>
<td>Unique Website Visitors</td>
<td>41,531</td>
<td>N/A</td>
</tr>
<tr>
<td>Sunset Pavilion Rentals</td>
<td>115</td>
<td>100</td>
</tr>
</tbody>
</table>
Community Development

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.

2016 HIGHLIGHTS

Architectural Review
Aside from October, the Architectural Review Committee maintained its schedule of two meetings per month. Both meetings in October were canceled due to Hurricane Matthew. Pre-review meetings with residents, consultants, and contractors were promoted and encouraged to identify alternatives to potential problem areas and increased chances of first-pass success. In 2016, staff continued utilizing the Association's Environmental Resources Manager for landscape reviews to improve turnaround time and customer service, with decreased expense. The department maintained 2 FTE staffing levels while reviewing, processing, and permitting a continued trend of high permit activity, with 605 annual permits in total, and an additional 439 storm recovery permits.

Community Development
The construction of 24 homes was completed in 2016. Another 18 homesites remain under construction and are expected to be completed in 2017. The 605 permits issued in 2016 required 1,317 inspections to ensure compliance with approved plans and Architectural Guidelines. An estimated additional 850 inspections will be required in the first quarter of 2017 for the 439 properties that were issued storm recovery permits.

Improved Communications and Customer Service
In 2016, the Architectural Guidelines were revised to support the Strategic Plan of enhancing redevelopment and sustainability. The document was entirely rewritten so that the design intentions of the community are clear and easy to understand for the end user. The document was further enhanced with photography, illustrations, tables, and other visual aids.
Staff developed a more efficient format for communicating ARC decisions to applicants. Historically, letters would be drafted to each applicant following the review meeting, leading to delays in communication and occasional errors. PDF forms were created to replace this communication method. The forms enable staff to check relevant boxes, provide feedback, and indicate the steps necessary to obtain work permits following approval. These forms are easier for the customer to understand, and have reduced the communication turnaround time from two business days to hours following the ARC meeting.
2017 EXPECTATIONS

Architectural Review
The Architectural Review Committee 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 will continue to be promoted and encouraged to identify alternatives to potential problem areas and increased chances of first-pass success.

Exterior Paint Program
In the first quarter of 2017, staff will finalize the color palette books for each phase of the community. This collection of pre-selected color combinations will provide property owners with a streamlined and efficient approval process for exterior paint requests. Property owners will continue to be able to request custom color selections, which will require ARC approval.

Technology and Communication Upgrades
CitizenServe will go live in the second quarter of 2017. Staff will combine the introduction of CitizenServe, the revised Architectural Design and Development Guidelines, and the exterior paint program in a series of stakeholder sessions as a total reorganization of the Community Development Department.

Staffing Levels
Based on technology and communication improvements, staffing will maintain at 2 FTE to ensure satisfactory customer service with an excess of 600 permits.

Community Development
It is estimated that 25 new homes will be completed within the community in 2017, and 225 new construction inspections will be required to verify compliance with the approved plans and Architectural Guidelines.

Training, Education, and Outreach
With continued improvements in technology resources, the department will expand efforts and initiatives to enhance education, training, and outreach. Community outreach will be accomplished throughout the year with home improvement events, such as the Earth Smart Living series, quarterly PRIDE awards, newsletter articles, and personal consultation.

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2016</th>
<th>2015</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>4,159</td>
<td>4,135</td>
</tr>
<tr>
<td>Number of Reviews/Permits Issued:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• New Home Construction</td>
<td>18</td>
<td>35</td>
</tr>
<tr>
<td>• Additions/Alteration to Existing Homes</td>
<td>441</td>
<td>386</td>
</tr>
<tr>
<td>• Dumpsters/PODs/Land Clearing</td>
<td>131</td>
<td>151</td>
</tr>
<tr>
<td>• Other (Stop Work Orders, FSBO)</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>
Architectural Administrators Preston Parfitt and Chelsey Falb prepare for a committee meeting.

The Landings’ Architectural Guidelines were updated in 2016.

Architectural Committee Members pose for a photo after a recent meeting.
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.

2016 HIGHLIGHTS

Billing and Accounting

We continue to work toward emailing statements for owners who have email addresses on file. In addition, we process more than 600 electronic ACH bank payments each quarter for those owners who chose the quarterly payment plan. Residents taking advantage of the quarterly payment plan have increased an average of 20%/year over the past five years.

On a monthly basis, the department generates the following invoices: Marina monthly storage and sales statements, Service Agreement statements to The Landings Club, Landings Journal advertiser statements, resident mailbox/gate repair statements, and miscellaneous vendor repair invoices.

Working with a collections attorney, the department is responsible for the collection of late Assessment payments and for helping other departments in the collection of overdue invoices. The goal of the department is to maintain a 99% collection rate on Assessments, 95% marina collections, and 95% of all other collections.

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.

Invoices that receive the proper authorizations through our purchase order program are paid within 14 days. Checks, direct debit, and credit card payments equating to $150,000 are issued bi-weekly.

The department performs payroll administration and paid time off auditing for all Association employees. Approximately 75 paychecks, equating to a payroll cost of $99,000, are issued bi-weekly.

The department maintains and depreciates a ledger containing more than 700 personal assets, worth a net book value of more than $5,400,000. Personal assets are items over $1,000 that can be depreciated and resold by the Association.

In 2016, the Association replaced our point-of-sale system with one (SalesPad) that directly ties in to our Great Plains accounting software.

Financial Management and Reporting

The purpose of the Financial Management Program is to provide 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 provides support to the General Manager in the development of the Long Range Financial Plan, Assessments, and annual operational and capital budgets, and makes recommendations to the Finance Committee and Board of Directors when appropriate.

Investments of available funds are made in accordance with Board policy. In 2014, we moved the balance of the reserve and operating funds to our primary bank accounts to offset the bank fees usually incurred.
Finance throughout the year. This change will be reevaluated when interest rates on money markets start to increase.

The department also compiles historical research used to produce benchmark data valuable in analyzing the financial condition of the Association. Internal audits are conducted to ensure accuracy and compliance with applicable laws, regulations, and policy.

Financial Reporting provides timely and accurate information about the financial condition and performance of the Association to the staff, committees, Board of Directors, and Members. This is accomplished by issuing draft financial reports within seven working days of the closing of the month and 30 working days of the closing of the year. On a monthly basis, subsidiary ledgers are reconciled to reported balances to ensure the accuracy of the financial information being distributed. The accuracy of the reported balances is tested during an annual external audit conducted by an independent CPA firm. The annual audit should result in an unqualified opinion, no reportable conditions, and no significant recommendations.

In 2016, the Finance Department contracted with our CPA firm to evaluate the Association’s follow-up in certain areas discussed during the December 31, 2015 audit and three additional focus areas: 1) the Capital Asset Management Plan (CAMP), 2) the accounting presentation of Marina activity, and 3) the internal control procedures surrounding cash. The auditors concluded that the areas discussed at the end of the 2015 audit had been addressed. In 2017, we will research software to better track the asset replacement as well as roads, trails, and storm drain maintenance currently tracked by the CAMP. The merging of the accounting functions of the Marina into The Landings Association started in March 2016 and was completed by May 1, 2016. All balances were reconciled, and historical data remains available. The internal cash controls were reviewed, and checklists were provided to strengthen, even more, our current controls.

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 is 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. The department is assisted in this by our Insurance Committee.

2017 EXPECTATIONS

The Finance Department plans to implement software to allow residents the ability to view their Association or Marina statements online while also offering the ability to make an online payment for certain charges. The department also will update the Association’s Purchase Order software, which has reached the end of its useful lives. The department also will review current banking relationships and present to the Board any alternatives that will increase efficiency and/or reduce cost. 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>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Payable Checks Produced</td>
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<td>3,599</td>
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<tr>
<td>Payment Checks/ACH/Cash Deposits Processed</td>
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<tr>
<td>Property Transfers Processed</td>
<td>361</td>
<td>384</td>
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<tr>
<td>Percent of Assessment Accounts Delinquent</td>
<td>.17%</td>
<td>0.2%</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 racks, including for Jet Skis and kayaks. In addition, the Marinas have a Sailing Program, retail store operation, transient boat services, boat washing and bottom painting service, 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.

Post-Hurricane Matthew

On October 7-8, 2016, Hurricane Matthew hit the Savannah area. The hurricane caused significant damage to many marinas in the Southeast, including Landings Harbor and Delegal Creek Marinas. Landings Harbor had minor damage to the south docks, ramps, and the sea wall. Boat storage revenue was slightly affected but not significantly. Unfortunately, Delegal Creek Marina was hit more severely, causing significant damage to approximately 65% of the marina. Since the storm, the marina is operating on a very limited basis. Temporary water and electricity have been restored to the usable slips, but more than half the slips are not functional. The services directly impacted by Hurricane Matthew include permanent slip agreements, transient dockage, and fuel sales. Our insurance carrier does provide The Landings with a loss of revenue component after a $25K deductible is paid. The marina will receive payments for loss of revenue until the marina can be rebuilt or repaired. The hurricane will have significant impact on marina projects for the next several years.

2016 HIGHLIGHTS

Facility Upgrades

In the spring of 2016, new floating docks were installed at Landings Harbor. The new docks replaced the old and deteriorating original dock system from 1982. The new dock project included all new gangways, piles, electrical, fuel reels, plumbing, and a pump-out system.

Marina Events and Programs

Coordinated events and activities at the Marinas, such as sunset cruises at the Harbor, A Day at Delegal, HarborFest, and the Landings Harbor Annual Spanish Mackerel Tournament, were successful in 2016. Boaters and non-boaters alike were encouraged to enjoy the benefits of these premier locations. Exciting new vendors participated in A Day at Delegal and HarborFest. Regular cookouts on the marina front porch at Landings Harbor and on the pier at Delegal were a huge success and will continue in 2017.

The Sunset Cruises continue to be a hit throughout the community. Residents and their guests who are non-boaters are now able to more fully appreciate their island home through this experience.

The first-ever Low Country Hook Regatta took place on Saturday, August 6 and was a big success. A total of 19 sailboats registered for the event. The sailboats started in Hilton Head and finished outside Landings Harbor Marina. Overall, Landings residents did very well, taking about half the trophies. The race was followed by a catered dinner in the picnic area. More than 160 people attended the dinner and awards ceremony. The Marinas’ staff did a great job with coordinating the slip assignments for the visiting Hilton Head boats and helping set up for the dinner. Hilton head guests were very impressed with the marina facilities and look forward to coming back in 2017.
Marketing

In 2016, the Marinas participated in the Charleston and Savannah Boat shows. Normally, the Marinas participate in the Annapolis Boat Show, but we cancelled due to Hurricane Matthew. The Marinas also continued advertising in the Dozier's Waterway Guide to attract seasonal guests. A half-page ad was similarly placed in Maptech. These efforts will continue in 2017.

The Marinas' work boat, Starfish, made its second appearance in the 2016 Savannah River Boat Parade, along with approximately 40 other participants. Thousands of spectators lined River Street watching the decorated boats. Presents and gift cards that were donated were given to Greenbriar Children's Home just in time for Christmas.

Marine Repair Service

The outsourced Marine Services Center continues to be operated by Phil Dolan Yacht Services. 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.

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 nine Rhodes 19 sailboats for this purpose and charge participants a monthly fee. The sailing program members participated in two regattas in 2016 -- a national competition at the Hingham Yacht Club in Massachusetts and another at the Savannah Yacht Club. They also race weekends to promote camaraderie among participants and offer sailing options to residents interested in sailing. Membership in the sailing program varies seasonally and consistently has 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.

2017 Overall Expectations

The priority for 2017 will be on rebuilding or repairing the damage at Delegal Creek Marina. In addition to the expected money from the insurance company, The Board of Directors approved re-allocating the reserve funds from 2022 to 2017.

The new dry stack facility, originally scheduled for 2017/2018, will be delayed until 2018/2019, though the engineering of the project will take place in 2017. The engineering must be complete before the Association can request a building permit from Chatham County.

In 2017, various rates were increased and/or added to the rate sheet. The Marinas review the rates on an annual basis and adjust accordingly.

The point-of-sale system was replaced with a new program called SalesPad in late 2016. Since SalesPad is now fully operational, and to make the fueling procedure more efficient at Landings Harbor, the fuel dock will be equipped with a tablet, providing the fuel attendant with the ability to swipe a credit card or charge to an account from the dock. This will eliminate the need for customers having to walk to the store or having the dockhand run up to the store and back down to the dock.

BoatCloud, a web-based slip management program, will be used in 2017. This program will improve how we do business, such as enabling boaters to request a forklift launch from an app on their phone.

Dockwa, a web-based reservation slip management, was utilized at Delegal Creek Marina in 2016, and staff
Marinas

will continue its use in 2017. The company recently was featured in Forbes magazine with a note of how they are attracting Millennials to the boating world. Nearly 300 marinas use this program in the United States. The web-based system improved efficiency on the docks and allowed staff to better track and market to the guests that visit the marina. It’s a great alternative to the antiquated paper forms.

General maintenance to the buildings and property, such as painting, will be kept to a high standard.

2017 Marketing Expectations

The Marinas plan to achieve revenue targets in occupancy levels for 2017 through retention of existing customers and attracting new customers. 2017 actions to retain existing boaters include the following:

- Customer service plays an essential role in retention. A customer service class will be required for all staff in 2017. We will continue in 2017 to make sure all staff members understand the importance of and what it means to provide great customer service.
- Owners generally need to use their boat to make it worthwhile, or they ultimately will sell their vessel if they haven’t enjoyed it enough to justify the cost. To provide increased opportunities, additional activities will be offered so that boaters will be enticed to use their boats. Fishing seminars will be offered, paddle board and kayak classes will be held, and a fishing tournament will be held in the fall. Cookouts will continue to be implemented in 2017 at both Landings Harbor and Delegal Creek Marina. The website, resident e-blasts, and Facebook posts help facilitate and promote these activities throughout the year.
- A direct mailer will be sent to boaters within The Landings and surrounding areas promoting the Marinas and offering concessions if they sign an annual contract.
- A referral program will be continued and re-advertised on a regular basis, and a variety of incentives will be presented to entice current marina members to bring new people to the Marinas.
- In 2017, the Marinas plan to attend the Savannah Boat Show, the Charleston Boat Show, the Annapolis Boat Show, and possibly the Newport Boat Show. Both marinas will be highlighted at each show.
- Marketing in 2017 will also include advertising through Dozier’s Waterway Guide to attract seasonal marina guests. 45% of marina guests arrived as a direct result of this publication.

Landings Harbor Marina remains a favorite spot for boaters and those who love the water.
With the renovations over the past few years of The Sunset Pavilion, it is no wonder it remains a top choice for parties and other celebrations.

There is nothing better than the breathtaking sunsets at Delegal Creek Marina.

Approaching their third year at Delegal Creek Marina, Carefree at The Landings makes it possible to enjoy boating without owning a boat.

Whether you are looking to rent (photo above) or store a kayak (photo below), Delegal Creek Marina staff can help.
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 (CAMP), 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. CAMP 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 necessary, these items are included and funded within the Capital Reserve account.

2016 HIGHLIGHTS

Due to the extensive cleanup associated with Tropical Storm Hermine and Hurricane Matthew, several projects and initiatives were either carried over to 2017 or scheduled for completion in 2018, including the Lagoon Structure #32, Community Navigation Review, and Landings Harbor Site and Circulation Finalization.

Street Resurfacing and Repair Program

In 2016, staff tested a new seal coating technology to improve the roadways throughout the community. The product was tested on the back portion of the Association Building parking lot in September. To date, the product has been able to withstand consistent traffic of 10-12 grapple and disaster relief trucks throughout the day for upwards of four months and has shown little-to-no significant deterioration. In November, staff completed road maintenance (e.g., repairing root intrusions, patching potholes, sealing cracks, addressing drainage issues, repairing curbs, etc.) on the following roads: Button Bush Lane, Gumtree Lane, Breakfast Court, Curlew Lane, Cattail Court, Kittiwake Lane, and Elcy Lane. Thereafter, the above-mentioned roads were resurfaced with a rejuvenator/sealing product that is anticipated both to preserve and extend the life of the roads. Staff continue to monitor these projects to determine if the products will be utilized on additional roads in the future.

Community Path/Trail Resurfacing

The goal of the resurfacing/repair program is to eliminate damaged, raised, and/or buckled sections, which largely are a result of root intrusions. Through annual inspections and evaluations, the Public Works Committee and staff select paths based on severity of damage, frequency of use, and potential safety concerns, thereby meeting the Association’s standards for replacement.

To leverage economies of scale, staff did not conduct a 2016 project. However, staff repaired 11 asphalt and 13 concrete paths that were damaged during Tropical Storm Hermine and Hurricane Matthew.

Sign Painting Program

The Association continued to refurbish and repaint 1/3 (approximately 1,500 units) of the signs, mailbox posts, and yard plaques throughout the community. In 2016, contracted crews completed the right side of
Public Works

Tidewater Way, Franklin Creek Road North, Franklin Creek Road South and its side streets, Landings Way South and its side streets up to the Plantation Club, Waterway Drive and its side streets, and Saltwater Way and its side streets. This work was completed through a combination of in-house staff and contracted means.

Storm Drain Survey
Due to the extensive cleanup associated with Tropical Storm Hermine and Hurricane Matthew, staff were not able to complete any storm drain repairs/replacements. However, staff continued to monitor and clean all problem storm drains following each storm.

Sunset Pavilion Upgrades
In July 2016, staff purchased six new bar top tables and 12 chairs for the interior of the Sunset Pavilion along with 20 bar stools, five bar top tables, two dining room tables, and 12 dining chairs for the screened-in porch, allowing for a variety of seating options. Staff also upgraded the audio/video system, which included a Bluetooth sound system, one 55" LG television, two 32" LG televisions, eight ceiling indoor speakers, two outdoor speakers, two wireless hand-held microphones, and one bodypack microphone at the end of August.

HVAC Units
The Association maintains 16 HVAC units, which have useful lives of 12 years. A cost-benefit analysis is completed annually for units scheduled for replacement based on purchase price and efficiency. In 2016, the units at TLA's Administration office and the second story of the Sunset Pavilion were replaced.

Landings Harbor Revetment
The Landings Harbor Picnic Area contains a revetment which maintains the separation between the marsh and the upland park area. This revetment was constructed in the mid-1970s and had exceeded its useful life. Due to the work associated with the storm cleanup, staff delayed the installation date until December 2016. The remaining work was completed in January 2017 to replace the existing structure.

Solar Installation at the Administration Building
Staff, through contracted means, designed, engineered, permitted, and installed a 6.3 KW solar array at the Administration Building in August 2016. The timing of the installation was optimal, as the roof was in great condition, having been replaced only a couple of years ago. In addition, the installation remains consistent in furthering our efforts as an environmentally sustainable community.

2017 EXPECTATIONS

Hurricane Matthew/Tropical Storm Hermine Restoration
In 2017, staff will begin to address the restoration process of center islands, courtyards, parks, gatehouses, and buffer common areas throughout the community that were damaged by Hurricane Matthew and/or Tropical Storm Hermine. The restoration will include, but is not limited to, tree removal, tree replacement/planting, pine straw, bed delineation, sod replacement, and seeding.
Pine Straw Program
In the spring of 2017, 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 1/3 of the community’s mailbox posts, yard plaques, and signs (approximately 1,500 units) through a combination of in-house and contracted means. The area of the community to be addressed in 2017 will focus on painting 166 street signs in the following areas: Landings Way South past Yam Gandy, Oakridge and its side streets, Westcross Road, and Deer Creek and all side streets. This project also will include painting of approximately 1,375 mailbox posts and 336 yard plaques in the above outlined areas of the community.

The Delegal Marina Sunset Pavilion Exterior Doors
Since 2005, staff have conducted several renovations to the Delegal Sunset Pavilion, including a new bar, hardwood flooring, the installation of a chair lift and prep kitchen, renovations to the restrooms, and the installation of televisions, a projector, and screen with Wi-Fi capabilities. In 2017, staff will replace the exterior doors, which will provide enhanced access and improve the overall appearance.

Automatic Gates
Each of the Gatehouses/Access Control Facilities (Deer Creek-2, Main Gate, Marshview, Marshwood, Moon River, and Oakridge) have automatic gates for residential and guest entry into the community. The automatic gates have a useful life between 10-15 years depending on the frequency the gate is utilized, the number of maintenance issues/requests, and the condition of the equipment. In 2017, staff will replace the automatic gates located at the Main Gate and Oakridge Gate.

Emergency Generators
The Landings Association currently maintains nine emergency generators, which have useful lives anywhere between 13-20 years, depending on the service history (maintenance issues/problems) and the physical condition (outside shell/casing). The emergency generator at the Oakridge Access Control Facility has reached its useful life of 20 years and is scheduled for replacement in 2017.

Annual Street Resurfacing and Repair Project
The purpose of the Annual Street Resurfacing and 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 2017 project will focus on the repair and replacement of streets identified within the February 2017 Engineering Review.

Annual Community Path Resurfacing Project
The purpose of the Annual Path Repair/Replacement Project is to improve the community paths that are significantly deteriorated and/or present potential safety hazards. Upon completion of the 2016 repairs, 54% of all community paths are constructed of concrete. The projected unit cost for replacement with concrete is $31 per linear foot, vs. $23 for asphalt. The paths currently made up of asphalt will gradually be converted to concrete, as concrete has a life expectancy that is more than double that of asphalt.
Public Works

The areas in consideration for replacement in 2017 include the following paths: Priory to Breckenridge, a portion of the path to the Marsh Tower, Chatuachee Crossing to Howley Lane, 38 Village Green Circle to Marshwood, Shaftsbury Lane to Tuckwell Lane, Hickory Head Place to the Rookery Lagoon, Prescott Lane to Windwalk Lane, Brandenberry Road to Yam Gandy Road, Coventry Close to Middle Marsh Retreat, Cricket Court, Broomsedge Lane Path, Islander’s Retreat to Deer Creek Cart Bridge, Shellwind Drive to Sundew Road, approach to Oakridge Bridge, Lake Street to Methodist Church, Riverwatch Lane to Moon River Gate, and a portion of the Cottonwood South path along Landings Way South.

Bartram Community Path Addition
Recent Community Survey results and feedback from annual meetings have brought forth a need and desire for a community path along Bartram Road. The path would begin at hole 15 of the Magnolia Golf Course and stretch along Lagoon 2, connecting into the existing path at Keelson Court. This project will be completed in 2017.

Storm Drain Repair and Replacement
In 2017, staff will continue to evaluate several areas of storm drains to understand better system failures and any areas that were damaged as a result of Tropical Storm Hermine and Hurricane Matthew. Staff will dredge the storm drain pipes to assess further repair needs to determine whether they require replacement.

Center Island Renovation
In 2004, the Association began a program to beautify and refurbish our common property. This program focused primarily on the 313 center islands within the community. The program provided a higher level of maintenance for major center islands and increased maintenance for islands on cul-de-sacs and lesser-used roads. Thus far, the response to this program has been positive. However, staff have continually received requests to expand this program. In 2017, staff will continue the increased maintenance on secondary islands, including improved tree maintenance, bed delineation twice a year, and one annual pine straw application in the spring. In addition, staff will focus on the reestablishment and replacement of plantings, which suffered due to the damage caused by Hurricane Matthew and Tropical Storm Hermine. Staff also will focus on reestablishing the turfed areas on all 78 primary center islands, which suffered because of decreased rainfall in the summer of 2016.

Lagoon Structure Replacement
The Landings Association and The Landings Club own 54 water-control structures. The lifespan of each structure is 30 years. These structures are important features of the community, as they control water levels and storm water overflow. In conjunction with our engineers, staff evaluate these structures annually to determine the condition and costs associated with those structures that need replacement. During the 2016 review process, it was determined that the structure in lagoon 32 (located on Oakridge Golf Course hole number 4 between Low Country Lane and Greenhow Lane) and lagoon 107 (located on Magnolia Golf Course behind Benedictine Retreat and Fiddler Crab Lane) needed to be replaced due to structural failures.
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<thead>
<tr>
<th>STATISTICS</th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Association Buildings Maintained</td>
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<td>Vehicles Maintained</td>
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<tr>
<td>Mailboxes and Signs Painted</td>
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<tr>
<td>Mailboxes and Signs Repaired</td>
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<tr>
<td>Miles of Community Paths/Trails Repaved</td>
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<td>Square Feet of Road Repaired</td>
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<td>Acres of Common Property Maintained</td>
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<td>Storm Drains Repaired</td>
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<td>Streetlights Repaired</td>
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<td>Cubic Yards of Debris Removed From Roads</td>
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<td>Number of Common Area Trees Removed</td>
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<tr>
<td>Miles of Road Shoulder Pruned for Visibility</td>
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<tr>
<td>Number of Deer Removed</td>
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<tr>
<td>Number of Hogs Removed</td>
<td>29</td>
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During the months of September through December, maintenance cycles varied greatly as a result of Tropical Storm Hermine and Hurricane Matthew.

Pre-Hurricane Matthew, Landings Association equipment was pre-positioned on high ground adjacent to the Skidaway Narrows fixed bridge for easy access.

Hurricane Matthew left behind lots of debris in The Landings.
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, fire and EMS liaison, and general Security operations. Landings Security 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.

2016 HIGHLIGHTS

Security Committee
Southside Fire Department's Volunteer Chief Lars Ljungdahl passed the baton to Chief Wendell Pendleton, but Ljungdahl graciously accepted our invitation to remain on the Security Committee. The Security Committee continues to be an integral part of our overall operation. The Committee was instrumental in continuing Operation Happy Trails; the Appeals Committee's foundation and selection; approving proposals for radio frequency identification (RFID) vehicle entry, and body and in-car cameras; and providing feedback on various topics, including vendor fees, hours, and background checks, traffic safety and speed limit signs, victim-assisted crimes, community and club events, and staffing.

Private Property Maintenance Standards
Staff focused on education and buy-in from the residents on Private Property Maintenance Standards (PPMS) throughout 2016. Covenants Compliance Staff continued an average caseload of 130 cases throughout the year. Several properties that were in the Covenants process were sold in 2016, and staff members are working with the new owners to resolve the Covenants issues.

Appeals Committee
Four Appeals Committee members were selected by the Board of Directors in 2015 and are serving two-year terms, except for the Chair, who is serving a three-year term. The Committee heard five appeals in 2016, which included PPMS violations, overnight parking on the street, and leasing of homes for other than residential purposes.
A total of $18,285 in fines was issued.

Covenants Compliance
Staffing for the Covenants Compliance function remained at one full-time Covenants Compliance Officer, who verifies and resolves reports of covenant violations. These reports may be generated by residents or Association staff. We will hire an additional Covenants Compliance Officer in 2017.
Once again, Neighbors Helping Neighbors proved to be invaluable and assisted in resolving several Private Property Maintenance Standards violations with extenuating circumstances in 2016. The Covenants Compliance Officer received an average of 25 valid complaints each month, for an annual total of 303. A total of 141 cases remained open at the end of 2016. Many of the violations were related to structures, trash, and parking.
Access Management

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 serves as our dispatch center for calls and is augmented by dedicated resident volunteers who assist in entering preauthorized arrivals into our access management software. The Marshwood (North) Access Control Facility is staffed 12 hours daily, Monday through Saturday, and is open primarily for sales guests on Sundays from 10 a.m. until 5 p.m. The Deer Creek, Marshview Landing, McWhorter, Moon River, and Oakridge gates are automated. In 2016, a total of 151,069 preauthorized visits were entered into the access management system. After a year of changing the paradigm of pre-authorizing vendors, we have equipped the North ACF with a new point-of-sale (POS) system that will enable vendors to charge daily, weekly, or monthly passes on credit cards.

Video Monitoring

Staff continued to work with our current vendor to increase the overall effectiveness of our video system. During ASIS’s International Conference in Orlando, Florida, two staff members attended a one-day certification class on video software. The new software will be recommended to replace our current software program due to better end-user functions and the ability for the software to decrease the amount of required bandwidth.

Emergency Service Assistance

Security patrols respond to all medical calls, fire/burglar alarms, and emergency incidents in the community. Patrols provide escort for police, fire, and emergency medical units during emergency situations. In 2016, officers assigned to patrol duties responded to 26 reported fires, 638 medical calls, and 183 fire/burglar alarms. Security team members obtained or maintained their American Heart Association’s CPR/AED certification.

The Landings Association has developed professional relationships with private and government entities, and our combined efforts resulted in the following:

- Skidaway Island First Responders assisted with special events, such as the Multiple Sclerosis Walk, The Landings Club’s Sprint Triathlon and full and half Marathons, HarborFest, Kiwanis Chili Cookoff and Concert on the Green, and Landlovers Flea Market.
- Security Department team members worked closely with Savannah-Chatham Metropolitan Police Department (SCMPD). The number of thefts reported to SCMPD and/or TLA Security decreased by 16%, and vandalism incidents decreased by 3%. We also saw a decrease in the number of burglaries from eight to five during 2016. Dedicated hard work by SCMPD’s officers and detectives, in addition to assistance from the District Attorney’s office, resulted in criminals being charged and prosecuted for theft and burglaries. The District Attorney’s office currently is working through the criminal justice system and prosecuting two criminals associated with a theft and burglary case from 2014. One of the individuals went to trial and was sentenced to jail time. The Juvenile Court system currently is working through a case regarding burglary and theft of Southside Fire Department facility and equipment in 2016. SCMPD continues its pursuit of unresolved cases pending further investigatory leads.
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 6,250 premise checks in 2016.

ABDi’s OfficerPulse software continued to document our patrol activities, and more than 127,093 miles were patrolled throughout the community. The Association continued to contract off-duty police officers to patrol the streets 36-hours-per-week and for special events. SCMPD patrolled a total of 8,833 miles in 2016.

Team Development

New Security Officers completed initial orientation and training and continued their on-the-job training throughout the year. The Security Officer II and III levels continued to be utilized, and new officers are required to complete the level II exam within their first 90 days, and the level III exam within the first six months. Security Supervisors participated in 70 hours of activities focusing on strategic planning. Team Leaders attended ASIS International’s 62nd Annual Seminar and Exhibits in Orlando, Florida.

Technology and Industry Trends and Standards

GateAccess.Net has continued to gain popularity and averaged 6,800 logins each month to pre-authorize guests and vendors and to update personal information.

As previously mentioned, we look forward to expanding the point-of-sale system at the North ACF (gate). As a reminder, a resident now must pre-authorize vendors, and they must remain in compliance with our Commercial Vendor Rules and Regulations. Commercial Vendors have options to purchase daily ($20), weekly ($60), monthly ($100), or annual barcodes (which will soon be RFID tags), which start at $175 for a four-wheel vehicle. These funds are part of the Security Department’s operating budget and, typically, account for revenues in excess of $800,000 annually. This assists in keeping residents’ Assessments at a reasonable cost.

Staff evaluated Radio Frequency Identification (RFID) technology in 2016 and will move forward with replacing our current barcode system with RFID antennas and tags. This will be a significant undertaking which will include replacing more than 23,000 active barcodes. Members of the Security Committee will lead the volunteer force to augment staff members in completing this project.

The Voice over IP (VoIP) callboxes were a tremendous improvement over the previous telephone model callboxes, with only a minor glitch of a poorly engineered base station needing to be replaced.

Amenities, Services, and Programs

Association Staff, Landings Club Staff, our local Boy Scout Troop, Skidaway Island State Park, and other local businesses partnered to hold the first Kids vs. Wild outdoor event at Skidaway Island State Park.

Golf Carts and Community Paths

With the assistance of several volunteers, Operation Happy Trails was completed in 2016. Staff shifted gears and focused on enforcement, including fines for the minority of golf carts owners still not properly registered with The Landings Association. Several incidents involving the inappropriate behavior of golf cart drivers
were linked directly to the owners due to these registration numbers. In conjunction with the Public Works Department, Security held several informative Community Path Open Houses, which were well received. In place of the usual speaker and PowerPoint presentation, we had stations for residents to interact with staff and provide direct feedback.

**Team Development**

Turnover in the Security Department decreased to 25% in 2016, which was lower than 2015’s 53%. Human Resource personnel conducted an in-depth benchmark survey, and we, therefore, increased our starting wage and adjusted current employee hourly wages to be more in line with market trends. We also experienced a change in leadership positions, as tenured team leaders retired or pursued other professions after completing their school or training. A few officers left to pursue law enforcement and fire rescue careers.

Training and education continued in the following:
- Officers completed ASIS International’s Physical Security Professional (PSP) and Professional Certified Investigator (PCI) Board Certifications.
- Team members will complete or continue to be certified in the American Heart Association’s CPR/AED course.
- Quality Assurance exercises were introduced to each shift, and each shift’s Corporal is responsible for frequently identifying training opportunities and testing team members.
- The Security Officer II and III tests were computerized and will be used to identify training strengths and opportunities.

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest Pass Requests Processed</td>
<td>151,069</td>
<td>116,365</td>
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<tr>
<td>Active Barcodes</td>
<td>23,152</td>
<td>21,603</td>
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<tr>
<td>Reports Filed</td>
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<td>5,727</td>
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<tr>
<td>Assistance Requests</td>
<td>400</td>
<td>328</td>
</tr>
<tr>
<td>EMS Support Runs</td>
<td>638</td>
<td>561</td>
</tr>
<tr>
<td>Unsecured Property Reports</td>
<td>569</td>
<td>520</td>
</tr>
<tr>
<td>Alarm Responses (Fire/Burglar)</td>
<td>183</td>
<td>211</td>
</tr>
<tr>
<td>Covenants Violations Total</td>
<td>303</td>
<td>305</td>
</tr>
</tbody>
</table>

Covenants Violations by Type:
- Trailers/RVs/Boats: 13 (2016) vs. 16 (2015)
- Landscape: 70 (2016) vs. 30 (2015)
The Landings Main Gate is the central hub for Landings Security personnel and volunteers.

Gate volunteers are a valuable asset to Landings Security.

Security Officers Kanomi Ramseur (left) and Winston Carmichael (right) enjoy providing quality customer service to Landings residents.

Staff and volunteers worked together to register more than 2,000 golf carts in 2016.
MISSION OF THE LANDINGS ASSOCIATION
The Mission of The Landings Association is to maintain common property, provide services, and administer covenants in a publicly responsible and efficient manner.

VISION FOR THE LANDINGS ASSOCIATION
Our VISION is to be the most vibrant private residential community in the Southeast. We are stewards of the naturally beautiful coastal environment in which we live, work and play, and actively pursue economic, environmental, and social sustainability. We create and foster an active lifestyle, along with experiences and services that enhance our sense of community, security, and quality of life.

OBJECTIVE 1 - ENVIRONMENTAL SUSTAINABILITY
Create and promote an environmentally sustainable community that encourages responsible enjoyment of our natural resources.

OBJECTIVE 2 - HOUSING
Facilitate a fresh, diverse selection of housing for people at every stage of life who desire the “Landings Lifestyle”.

OBJECTIVE 3 - TECHNOLOGY
Research and leverage cutting edge technologies to enhance the safety, security, and quality of life for our residents.

OBJECTIVE 4 - AMENITIES, ACTIVITIES, PROGRAMS, AND SERVICES:
Develop and deliver an expanded array of amenities and services to complement those offered by the Club and promote an active lifestyle, create a strong sense of community, and are valued by our current and future residents.

OBJECTIVE 5 - GOVERNANCE AND DECISION MAKING
Build and implement partnerships and leadership strategies with major stakeholders that will ensure the future success of The Landings.
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 invests in national, regional, and local marketing programs on behalf of the entire community.

The Company also manages proprietary real estate brokerage and property rental operations which:
1. Facilitate an efficient and professional process to encourage prospects, responding to marketing programs or referrals, to purchase property.
2. Generate the net cash flows that are the sole source of funding for community marketing.
3. Maintains a Welcome Center for prospective purchasers.

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. The company generates 100% of the funds necessary for its marketing programs and day-to-day operations, which are conducted by a small staff and several 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 properties, amenities, programs, and lifestyle.

Extensive marketing of The Landings is essential, considering its private location and destination (meaning non-resort) character of our community. The Landings consists of approximately 4,400 privately-owned properties with a combined value of more than $2 billion.

Nearly half of purchasers typically come from outside our local area and are attracted to our community by a variety of marketing initiatives. With more recently developed destination communities and other new communities coming online, 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. In 2015 and 2016, approximately $1.1 million and $1.2 million respectively was spent, with plans to spend another $1.1 million in 2017 should sales continue at their current pace.
2016 HIGHLIGHTS

Community Marketing Programs

Keeping in mind the October interruption by Hurricane Matthew, home sales overall were flat with respect to 2015 at 268 homes in each year, and once again, the Company was the dominant real estate firm in successfully selling our community’s listings.
Even with the impact of Matthew, which effectively removed one month of visitors, prospective buyers participating in Discovery Visits to the island increased yet again by 3.3% over 2015, for a total of 686 couples/families. The pre-Matthew pace indicated we would have hosted 730 couples/families, a 6.4% increase over 2015.

The increase in visitors was driven by leads brought in by our enhanced website, added digital advertising, representation at 10 Ideal Living (formerly Live South) Shows, ClubCorp Landings-centric specialty events, placements in print media with cumulative circulation of more than eight million, and our critical referrals of friends and family. The website and digital advertising were especially cost-effective tools to produce most of our new buyers.

While these sales and increases in prospective buyers are encouraging, we have much more to do. Our most significant opportunity for increased sales comes from outside the Savannah area and requires national marketing. All the profits of the Company are committed each year to marketing The Landings.

Note in the Marketing Expenditure graph above on the previous page that spending has returned to seven figures for three years running due to the success of our real estate operations. However, marketing spending still is well below prior spending and the spending of communities owned by developers. Therefore, it is critical that these funds work at their highest level of efficiency and effectiveness, requiring our dedication towards continuous improvement.
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 draws 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 our synergistic efforts in 2016. Among 2016’s buyers who worked with a real estate firm, 85% who joined as golf members did so while working with The Landings Company. The same is true for 60% who joined as athletic members. The firms with the second-best performances had 6% and 19% of golf and athletic joins respectively.

Real Estate Brokerage Operations
In its real estate operations, the Company’s market share was robust, with the Company representing the seller, the buyer, or both in 76% of all homes closed during the year.

2017 EXPECTATIONS

Real Estate Market Conditions
Market conditions in 2017 are expected to improve marginally over 2016, with increasing interest rates potentially encouraging those who have been “on the fence” to move forward. The mix of inventory listed, whether it is up-to-date or “new”, and the number of homes listed within key price ranges will be critical to improving sales. Also, as communicated within the context of the Development Committee, today’s buyer is often looking for smaller, open floor plan, low maintenance options, of which we have little or no supply.

The lead time necessary to identify development opportunities, qualify developers, have them put infrastructure in place, and then build homes is substantial. To be competitive in this changing market and with evolving consumer tastes, it is critical to our community’s long-term success that we make substantive progress in 2017 towards the creation of development options for new and diverse housing options to attract those who cannot find suitable housing among the choices that currently exist on the island.

Marketing Expenditures
The Company is planning national, regional, and local real estate marketing expenditures of approximately $1,100,000 in 2017, provided sales growth continues. As in past years, the Company may adjust its expenditures up or down based on results during the year as well as other factors.

Community Marketing Programs
Marketing efforts will build on 2016’s successful results along with other new marketing initiatives. Our website (www.thelandings.com), search engine optimization efforts, social media, and other digital tools are crucial to mounting results and future success. Therefore, 2017’s budget in these areas has been substantially increased.

Continued participation in Ideal Living Shows, ClubCorp specialty events, targeted advertising, and other aggressive efforts to reach those who are likely to consider a lifestyle move as well as value the amenities of The Landings will be key to a successful 2017 and beyond.

We encourage the many property owner referrals of friends and family who visit and are pre-disposed to fall in love with The Landings.
Early Indicators are Positive

The Company has steadily generated increasing new sales while representing the buyer, seller, or both moving forward from Hurricane Matthew. Our total buyer and/or seller sales for the last five months are:

- October: 24
- November: 26
- December: 28
- January: 31
- February: 37

We are off to a great start, with a 61% increase (453 vs. 282) in sales leads in January 2017 and an 11% increase in Discovery Guests for January and February.

While only 15 homes were closed in January 2017 vs. 2016’s 20, this was expected, as closings in January and February 2017 are a result of sales made in the fourth quarter, and those were lower in 4Q 2016 due to Hurricane Matthew.
The good news lies in the increasing sales numbers over the last five months, which indicate the Matthew rebound and 2017 are well underway.

2016 Board of Directors
Doug Marchand, Chair
Don Roehm, Treasurer
Nancy Pavey, Secretary
Cliff Frohn, Director
Anne Schafer, Director
Nick Sorville, Director
Bob Meng, Ex Officio

2017 Board of Directors
Nick Sorville, Chair
Geof Silbert, Treasurer
Anne Schafer, Secretary
Jim Overton, Director
Nancy Pavey, Director
Martin Walsh, Director
Doug Marchand, Ex Officio

President
Raoul Rushin

Vice President of Sales
Mitch Jacobs

Director of Operations
Melba Dasher

Broker-in-Charge
Barbara Foster
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. In 2016, due to Tropical Storm Hermine and Hurricane Matthew, the Association incurred $1,780,392 of costs related to the cleanup efforts of the Association’s common property. In addition, the Association experienced the involuntary conversion of property, plant, and equipment with a net book value of $17,258. These expenses are offset by the receipt of insurance proceeds of $250,000, for an incurred net expense of $1,547,650. In December 2016, owners approved a one-time Community Recovery Special Assessment in the amount of $400 per lot (to be billed in 2017 and payable over 2017 and 2018), relating to Tropical Storm Hermine and Hurricane Matthew recovery efforts and replenishment of the Capital Reserve Fund.

The Association and Marinas were both able to exceed operating revenues (compared to budget) and reduce operating expenses to help reduce the Year End Net (expenses) revenues of ($969,659). The Association and Marinas continue to be debt free.

During 2016, the Company’s revenues exceeded expenses by $42,857. Net revenue from the sale of property declined 12%, due mostly to Hurricane Matthew. The Company invested $1,100,915 to market The Landings.

Consolidated expenses (Association and Company) of $17,569,410, including depreciation, exceeded consolidated revenue of $17,295,474 resulting in a net decrease in members’ equity of $273,936. At December 31, 2016, members’ equity totaled $15,714,828.

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 during 2016.

Joyce Marble
2016 Treasurer
To 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, 2016, and the related consolidating statements of revenues and expenses and changes in members’ equity, and 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.

Auditor’s 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 auditor’s 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.
**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Landings Association, Inc. and subsidiary as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**
We have previously audited the Association’s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**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 58-59 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Holland, Henry & Bromley, LLP
Savannah, Georgia
February 8, 2017
### Consolidating Balance Sheets

#### December 31, 2015

<table>
<thead>
<tr>
<th>The Landings Association, Inc.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Reserve Funds</strong></td>
<td><strong>Eliminations</strong></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Cash &amp; cash equivalents</strong></td>
<td><strong>5,648,589</strong></td>
</tr>
<tr>
<td>Cash &amp; money market accounts</td>
<td>$ 1,543,352</td>
</tr>
<tr>
<td>Cash held in escrow</td>
<td><strong>221,910</strong></td>
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<tr>
<td>Certificates of deposit</td>
<td><strong>1,749,125</strong></td>
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<td>Other accounts receivable, net</td>
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<tr>
<td>Inventories</td>
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<tr>
<td>Prepaid insurance &amp; other</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
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<td><strong>Property, Plant &amp; Equipment, net</strong></td>
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<td><strong>Other Assets</strong></td>
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<tr>
<td>Deferred tax asset</td>
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</tr>
<tr>
<td>Investment in subsidiary</td>
<td><strong>1,264,442</strong></td>
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<tr>
<td>Total Other Assets</td>
<td><strong>1,264,442</strong></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 10,004,846</strong></td>
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</table>

#### December 31, 2015

<table>
<thead>
<tr>
<th>The Landings Association, Inc.</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td><strong>Operating Reserve Funds</strong></td>
<td><strong>Eliminations</strong></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Accounts payable &amp; accrued expenses</td>
<td>$ 27,577</td>
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<tr>
<td>Accrued payroll &amp; taxes withheld</td>
<td>109,371</td>
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<tr>
<td>Escrow balances &amp; deposits</td>
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<td>Deferred revenue</td>
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<td>Income tax payable</td>
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<td>Deferred tax liability</td>
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<td><strong>Total Current Liabilities</strong></td>
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<td><strong>Equity</strong></td>
<td><strong>Total</strong></td>
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<tr>
<td>Common stock ²</td>
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<tr>
<td>Retained earnings</td>
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<tr>
<td>Members’ equity</td>
<td><strong>9,642,099</strong></td>
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<tr>
<td><strong>Total Equity</strong></td>
<td><strong>9,642,099</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 10,004,846</strong></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 approximately $19,000 and $14,000 as of December 31, 2016 and 2015, respectively.

2 - Common Stock $1 par, 10,000 shares authorized, 100 shares issued and outstanding.
### The Landings Association, Inc.

#### Year ended December 31, 2016

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Operating Reserve</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
<th>Total</th>
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</thead>
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<tr>
<td>Assessments</td>
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<td>$7,646,600</td>
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<td>$7,646,600</td>
<td>$7,381,400</td>
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<td>Marina</td>
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<td>Commissions</td>
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<td>5,282,987</td>
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<td>Vehicle registration</td>
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<td>Service agreements</td>
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<td>Architectural review fees</td>
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<td>89,135</td>
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<td>Interest earned</td>
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<td>Telecommunications lease</td>
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<td>83,757</td>
<td>84,064</td>
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<tr>
<td>Other</td>
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<td>448,047</td>
<td>13,869</td>
<td></td>
<td>461,916</td>
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<tr>
<td><strong>Total</strong></td>
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<td>1,324,104</td>
<td>10,771,255</td>
<td>(12,291)</td>
<td>17,295,474</td>
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<table>
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<tr>
<th>Expenses</th>
<th>Operating Reserve</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Community services</td>
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<td>1,599,204</td>
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<td></td>
<td>1,599,204</td>
<td>1,457,089</td>
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<td>Public works</td>
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<td>4,008,047</td>
<td>4,384,779</td>
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<tr>
<td>Marina</td>
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<td></td>
<td>1,088,248</td>
<td>1,245,743</td>
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<td>General &amp; administrative</td>
<td>2,217,809</td>
<td>2,217,809</td>
<td>743,753</td>
<td>(12,291)</td>
<td>2,949,271</td>
<td>2,932,927</td>
</tr>
<tr>
<td>Commissions</td>
<td>-</td>
<td>2,814,947</td>
<td></td>
<td></td>
<td>2,814,947</td>
<td>3,172,479</td>
</tr>
<tr>
<td>Costs related to rentals</td>
<td>-</td>
<td>1,774,800</td>
<td></td>
<td></td>
<td>1,774,800</td>
<td>1,691,007</td>
</tr>
<tr>
<td>Sales &amp; marketing</td>
<td>-</td>
<td>1,100,915</td>
<td></td>
<td></td>
<td>1,100,915</td>
<td>1,247,214</td>
</tr>
<tr>
<td>Hurricane recovery</td>
<td>1,547,650</td>
<td>-</td>
<td>1,547,650</td>
<td></td>
<td>1,547,650</td>
<td>1,547,650</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>3,075</td>
<td>3,075</td>
<td>21,200</td>
<td></td>
<td>24,275</td>
<td>92,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,792,795</td>
<td>671,238</td>
<td>10,464,033</td>
<td>6,455,615</td>
<td>(12,291)</td>
<td>16,907,357</td>
</tr>
</tbody>
</table>

| Excess of (expenses) revenues | (345,644) | 652,866 | 307,222 | 80,895 | - | 388,117 | 1,548,489 |
| Depreciation | 624,015 | 624,015 | 38,038 | | 662,053 | 657,573 |

| Net (expenses) revenues | (969,659) | 652,866 | (316,793) | 42,857 | - | (273,936) | 890,916 |
| Equity in income of subsidiary | 42,857 | 42,857 | (42,857) | | - | - |
| **Total** | (926,802) | 652,866 | (273,936) | 42,857 | (42,857) | (273,936) | 890,916 |

| Equity, January 1 | 9,200,476 | 6,788,288 | 15,988,764 | 1,221,585 | (1,221,585) | 15,988,764 | 15,097,848 |
| Transfers | 1,368,425 | (1,368,425) | - | - | - |
| **Equity, December 31** | $9,568,909 | $6,072,729 | $15,174,828 | $1,264,442 | (1,264,442) | $15,174,828 | $15,098,764 |

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

## The Landings Association, Inc.

### Year ended December 31, 2015

<table>
<thead>
<tr>
<th>Operating Funds</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>Net (expenses) revenues</td>
<td>$926,802</td>
<td>$652,866</td>
<td>$(273,936)</td>
<td>$42,857</td>
<td>$(42,857)</td>
<td>$(273,936)</td>
</tr>
<tr>
<td>Adjustments to reconcile net (expenses) revenues to net cash provided by (used for) operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in income of subsidiary</td>
<td>$(42,857)</td>
<td>$(42,857)</td>
<td>42,857</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>624,015</td>
<td>624,015</td>
<td>38,038</td>
<td>662,053</td>
<td>657,573</td>
<td></td>
</tr>
<tr>
<td>Loss (gain) on disposal of assets</td>
<td>43,366</td>
<td>43,366</td>
<td>43,366</td>
<td>(36,181)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad debt (recovery) expense</td>
<td>(10,628)</td>
<td>(10,628)</td>
<td>(10,628)</td>
<td>17,166</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earned on certificates of deposit</td>
<td>(1,868)</td>
<td>(1,868)</td>
<td>(1,868)</td>
<td>(2,636)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in cash held in escrow</td>
<td>222,300</td>
<td>222,300</td>
<td>84,238</td>
<td>306,538</td>
<td>(155,690)</td>
<td></td>
</tr>
<tr>
<td>Increase in other receivables</td>
<td>(101,184)</td>
<td>(101,184)</td>
<td>(101,184)</td>
<td>(33,105)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in inventories</td>
<td>2,764</td>
<td>2,764</td>
<td>2,764</td>
<td>6,734</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in deferred tax items</td>
<td>-</td>
<td>-</td>
<td>16,700</td>
<td>-</td>
<td>16,700</td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(16,606)</td>
<td>(16,606)</td>
<td>(16,606)</td>
<td>61,875</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) increase in accounts payable &amp; accrued expenses</td>
<td>(282,095)</td>
<td>(5,000)</td>
<td>(287,095)</td>
<td>2,894</td>
<td>(264,201)</td>
<td>44,535</td>
</tr>
<tr>
<td>(Decrease) increase in escrow balances &amp; deposits</td>
<td>(222,300)</td>
<td>(222,300)</td>
<td>(222,300)</td>
<td>(84,238)</td>
<td>(306,538)</td>
<td>155,690</td>
</tr>
<tr>
<td>Increase (decrease) in accrued payroll &amp; taxes withheld</td>
<td>62,531</td>
<td>62,531</td>
<td>62,531</td>
<td>(49,696)</td>
<td>12,835</td>
<td>(64,938)</td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenues</td>
<td>3,889</td>
<td>3,889</td>
<td>3,889</td>
<td>3,889</td>
<td>(3,340)</td>
<td></td>
</tr>
<tr>
<td>Increase in income tax payable</td>
<td>-</td>
<td>-</td>
<td>4,500</td>
<td>-</td>
<td>4,500</td>
<td></td>
</tr>
<tr>
<td>Transfers from (to) other funds</td>
<td>1,368,425</td>
<td>(1,368,425)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by (used for) operating activities</td>
<td>744,818</td>
<td>(722,427)</td>
<td>22,391</td>
<td>55,293</td>
<td>-</td>
<td>77,684</td>
</tr>
</tbody>
</table>

### Year ended December 31, 2016

<table>
<thead>
<tr>
<th>Operating Funds</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>Net (expenses) revenues</td>
<td>$1,530,934</td>
<td>30,431</td>
<td>(1,500,503)</td>
<td>(33,950)</td>
<td>(1,534,453)</td>
<td>(1,192,291)</td>
</tr>
<tr>
<td>Adjustments to reconcile net (expenses) revenues to net cash provided by (used for) operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in income of subsidiary</td>
<td>(1,445,887)</td>
<td>1,445,887</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Capital asset transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of certificates of deposit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Purchase of certificates of deposit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,744,621)</td>
</tr>
<tr>
<td>Net cash (used for) provided by investing activities</td>
<td>(1,530,934)</td>
<td>30,431</td>
<td>(1,500,503)</td>
<td>(33,950)</td>
<td>(1,534,453)</td>
<td>(1,288,518)</td>
</tr>
<tr>
<td>(Decrease) increase in cash and cash equivalents</td>
<td>(786,116)</td>
<td>(691,996)</td>
<td>(1,478,112)</td>
<td>21,343</td>
<td>-</td>
<td>(1,456,769)</td>
</tr>
<tr>
<td>Cash and cash equivalents, January 1</td>
<td>2,329,468</td>
<td>4,797,233</td>
<td>7,126,701</td>
<td>865,864</td>
<td>-</td>
<td>7,992,565</td>
</tr>
<tr>
<td>Cash and cash equivalents, December 31</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by (used for) operating activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

No cash was paid during either year for interest expense or income taxes.

**NOTE** - The accompanying Notes to Financial Statements are an integral part of these financial statements.
Note 1 - Organization
The Landings Association, Inc. ("the Association") is a property owners’ 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 4,621 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 ("the 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 activities relate to promoting The Landings’ real estate properties on a national basis, sales of homes and lots, and rentals of owners’ homes.

Note 2 - Significant Accounting Policies
Method of Consolidation - The accompanying consolidating financial statements include the accounts of the Association and the Company. Intercompany transactions and balances have been eliminated in consolidation. The Association provides certain security and advertising services to the Company, which represent the only intercompany transactions.

Accounting Method - Both the Association’s and the Company’s financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Accordingly, revenues are recognized when earned, rather than when received, and expenses are recognized when incurred, rather than when paid.

The Association’s governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

- Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.
- Capital Reserve Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

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 - 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 maintains escrow accounts for 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 2016 and in 2015 was $1,730 and $1,670, 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 Fund may be made only for designated purposes. In 2016, owners approved a one-time Community Recovery Special Assessment in the amount of $400 per lot (to be billed in 2017 and payable over 2017 and 2018), relating to Tropical Storm Hermine and Hurricane Matthew recovery efforts and replenishment of the Capital Reserve Fund.

Marina Revenue - The primary revenue sources supporting Marina operations are the following: boat rack storage; wet slip rental; merchandise sales; capital fees; and gasoline and diesel sales. Rack and slip rentals are billed prior to the actual provision of the services, and are recognized as income when earned.

Inventories - Merchandise and beverage inventories are recorded at the lower of cost or market value. 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>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise and other</td>
<td>$12,952</td>
<td>$14,080</td>
</tr>
<tr>
<td>Gasoline and diesel</td>
<td>19,688</td>
<td>21,324</td>
</tr>
<tr>
<td></td>
<td>$32,640</td>
<td>$35,404</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: 715
- Center islands/medians: 313
- Lagoons: 151
- Roadways, in miles: 91
- Trails, in miles paved: 22
- Bridges: 11
- Gated Entrances: 7

These properties were 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 costs of the assets over their estimated useful lives. For the years ended December 31, 2016 and 2015, the amounts expensed by the Association for depreciation were $624,015 and $619,068, respectively. For the years ended December 31, 2016 and 2015, amounts expensed by the Company for depreciation were $38,038 and $38,506, respectively.

Property, Plant, and Equipment consists of the following at December 31, 2016 and 2015:

<table>
<thead>
<tr>
<th></th>
<th>2016 Association</th>
<th>2016 Company</th>
<th>2015 Association</th>
<th>2015 Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>2,243,271</td>
<td>-</td>
<td>1,146,432</td>
<td>-</td>
</tr>
<tr>
<td>Buildings &amp; docks</td>
<td>6,456,172</td>
<td>754,138</td>
<td>6,453,797</td>
<td>754,138</td>
</tr>
<tr>
<td>Equipment</td>
<td>4,207,838</td>
<td>167,238</td>
<td>4,068,138</td>
<td>156,191</td>
</tr>
<tr>
<td>Furniture &amp; computers</td>
<td>123,888</td>
<td>290,980</td>
<td>588,121</td>
<td>278,577</td>
</tr>
<tr>
<td>Vehicles</td>
<td>900,027</td>
<td>-</td>
<td>875,862</td>
<td>-</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>747,657</td>
<td>10,500</td>
<td>442,024</td>
<td>-</td>
</tr>
</tbody>
</table>

| Less accumulated depreciation | (7,831,171) | (804,399) | (7,559,814) | (766,361) |

| Land | - | 75,000 | - | 75,000 |

Use of Estimates - The preparation of the financial statements in conformity with U.S. GAAP 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 as they are incurred.

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 8, 2017, 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. At December 31, 2016, the Association’s cash balances exceeded federally-insured limits by $5,790,000. At December 31, 2016, the Company’s cash balances exceeded federally-insured limits by $530,000. 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 are certificates of deposit held at a predetermined interest rate based on the terms of the purchase.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, Fair Value Measurement, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities</td>
</tr>
<tr>
<td>Level 2</td>
<td>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</td>
</tr>
<tr>
<td>Level 3</td>
<td>Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable</td>
</tr>
</tbody>
</table>

The following table sets forth by level, within the fair value hierarchy, the investment assets at fair value as of December 31, 2016 and 2015.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>$ 1,749,125</td>
<td>$</td>
</tr>
<tr>
<td>Total investment assets at fair value</td>
<td>$ 1,749,125</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 $9,790 and $17,494 were written off at the end of 2016 and 2015, respectively, per approval by the Association’s Board of Directors. All of the past due owners, for 2008-2016, have been suspended and reported to the Association’s attorney to proceed with legal action.

Note 6 - Reserve Fund
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 community 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 a separate repair and replacement Capital Reserve Fund 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 to delay major repairs and replacements until funds are available, or, subject to membership approval, to increase regular assessments or pass special assessments.

Capital Reserve Fund -
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; community path/trail bridges by 30 years; road bridges by 50-80 years; and the administration and marina facilities by 7-50 years. Further reviews were conducted on the storm drains in 2015 to determine changes, if any, to the schedule for repairs and replacements. Following Tropical Storm Hermine and Hurricane Matthew in 2016, money has been budgeted for 2017 for updated reviews, which will affect the schedule for repairs and replacements.

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 repairs 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. Again, in 2011, engineering firms were contracted to evaluate the estimated repairs and useful remaining lives of these assets, and these firms have been contracted periodically since then to conduct updated inspections.
Note 7 - Retirement 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 $18,000 for each of the years ended December 31, 2016 and 2015. Both plans provide an employer match of 100% of the first 4% of the salary deferred by an employee, as well as a discretionary contribution.

For the years ended December 31, 2016 and 2015, the Association’s contributions amounted to $269,731 and $245,505, respectively, into the 401(k) plan. Expenses for the Company amounted to $30,442 and $21,348 for the years ended December 31, 2016 and 2015, respectively.

Note 8 - 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 2013. 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, 2016 and 2015.

Association - The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the years ended December 31, 2016 and 2015. 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 $533,000 will be carried forward to offset taxable income of the Association in future years and will begin to expire in 2029. This NOL includes $216,000 and $317,000 related to 2016 and prior years, respectively. For state income tax purposes, an NOL of approximately $838,000 will be carried forward to offset taxable income in future years. This NOL includes $216,000 related to 2016, and $622,000 related to prior years. This NOL will begin to expire in 2028. A corresponding deferred tax asset of $178,000 has been recorded for the potential NOL carryforward benefit, and a valuation allowance has been established for the full amount, as shown in the chart below:

<table>
<thead>
<tr>
<th><strong>Long-term deferred tax asset:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal NOL deferred asset</td>
<td>$ 128,000</td>
</tr>
<tr>
<td>State NOL deferred asset</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>178,000</td>
</tr>
</tbody>
</table>

Less valuation allowance for NOL assets (178,000)

$ -

**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, 2016, the Company had a long-term net deferred tax asset and a current deferred tax liability. Significant components of the Company’s deferred tax balances as of December 31, 2016 are as follows:

<table>
<thead>
<tr>
<th><strong>Long-term deferred tax asset:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State NOL deferred asset</td>
<td>$ 25,500</td>
</tr>
<tr>
<td>Depreciation difference</td>
<td>(14,200)</td>
</tr>
<tr>
<td></td>
<td>$ 11,300</td>
</tr>
</tbody>
</table>

Current deferred tax liability:
Depreciation difference  $ 6,000

The Company’s income tax expense shown on the statement of revenues and expenses consists of the following components:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax expense</td>
<td>$ 4,500</td>
</tr>
<tr>
<td>Deferred tax expense</td>
<td>16,700</td>
</tr>
<tr>
<td>Total</td>
<td>$ 21,200</td>
</tr>
</tbody>
</table>
For federal income tax purposes, a carried forward NOL of approximately $32,000 was utilized in 2016. For state income tax purposes, a carried forward NOL of approximately $59,000 was utilized in 2016. Approximately $424,000 will be carried forward to offset taxable income in future years. This NOL will begin to expire in 2029. A related deferred tax asset of $25,500 has been recorded. An allowance related to the NOL deferred tax asset balance was not deemed necessary by management as of December 31, 2016.

**Note 9 - 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.

The Association filed suit against a property owner seeking to declare property owned by him a nuisance. In his answer to the complaint, the owner filed a counterclaim seeking expenses of litigation. The matter has been delayed by a Bankruptcy filing and by the filing of a Declaratory Judgment proceeding to establish ownership in the property, which subsequently confirmed ownership by the property owner on January 7, 2015. Although this counterclaim has been filed, the Association does not believe a result unfavorable to its operation will occur, and the Association will vigorously defend the allegations set forth in the counterclaim.

A property owner filed a claim for personal injuries, contending that she was injured by debris allowed to accumulate on a community path owned by the Association and as a result, she was thrown off her bicycle and sustained personal injuries. The statute of limitations on filing suit against the Association for this matter has passed with no suit filed.

The Association filed suit against property owners seeking injunctive relief and requesting that they cease and desist commandeering a portion of common property for their own individual use and to the exclusion of other Association property owners. In their answer to the complaint, the owners filed a counterclaim in which they alleged that the Association damaged certain personal property belonging to them. The Trial Court ruled in favor of the Association and declared the property in question to be common property. That matter was appealed, and the Supreme Court of Georgia has affirmed that ruling. Although a counterclaim against the Association is pending, the Association does not believe a result unfavorable to its operation will occur, and the Association will vigorously defend the allegations set forth in the counterclaim.

**Note 10 - Lines of Credit**

The Association maintained a secured $5,000,000 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, 2015, no balance was outstanding under this agreement, and interest expense for the year was $0. This agreement expired without renewal during the year ended December 31, 2015.

In April 2015, the Association entered into a secured $5,000,000 line of credit agreement with Wells Fargo Bank, bearing interest at 2.8% percent over the one-month LIBOR rate (3.57% and 3.22% at December 31, 2016 and 2015, respectively). This agreement was renewed in April 2016. At December 31, 2016 and 2015, no balance was outstanding under this agreement, and interest expense was $0 for each of the years then ended. The agreement matures on April 5, 2017.
The Company maintains a $330,000 line-of-credit agreement with SunTrust Bank bearing interest at 1.5% over the Bank’s prime rate. At December 31, 2016 and 2015, 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, 2016 and 2015, $0 and $52,610, 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, 2016 and 2015, $902 and $95, respectively, were outstanding balances on the credit card.

**Note 11 - 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 $220,280 and $212,494 in 2016 and 2015, respectively.

The Company paid $18,284 and $18,468 to the Club toward joint marketing efforts and lawn care during the years ended December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015, $3,600 and $0, respectively, was payable to the Club for these services. The Club paid $71,782 and $70,333, respectively, to the Company for marketing consulting services during the years ended December 31, 2016 and 2015.

**Note 12 - 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 $7,070 and $6,307 for the years ended December 31, 2016 and 2015, respectively.

Minimum annual lease payments are as follows:

<table>
<thead>
<tr>
<th>For the year ending</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$ 6,800</td>
</tr>
<tr>
<td>2018</td>
<td>5,515</td>
</tr>
<tr>
<td>Thereafter</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 12,315</strong></td>
</tr>
</tbody>
</table>

The Association has engaged BrightView (formerly ValleyCrest Landscape Maintenance) to provide landscaping and mowing services to the Association. The contract was renewed in 2014, for the years 2015-2018.
The annual payments under this agreement are as follows:

<table>
<thead>
<tr>
<th>For the year ending December 31,</th>
<th>Annual Service Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$1,054,095</td>
</tr>
<tr>
<td>2018</td>
<td>1,064,429</td>
</tr>
<tr>
<td>Thereafter</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>2,118,524</td>
</tr>
</tbody>
</table>

**Note 13 - Hurricane Recovery**

In 2016, due to Tropical Storm Hermine and Hurricane Matthew, the Association incurred $1,780,392 of cost related to the cleanup efforts of the Association’s common property. In addition, the Association experienced the involuntary conversion of property, plant, and equipment with a net book value of $17,258. These expenses are offset by the receipt of insurance proceeds of $250,000, for an incurred net expense of $1,547,650.

As discussed in Note 2, in 2016, owners approved a one-time Community Recovery Special Assessment in the amount of $400 per lot (to be billed in 2017 and payable over 2017 and 2018), relating to Tropical Storm Hermine and Hurricane Matthew recovery efforts and replenishment of the Capital Reserve Fund.
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 and in subsequent years, engineering firms conducted studies to update the valuations and estimated useful lives of these components, as described in Note 6.

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 and more recent 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 adjusted annually and are rounded to the nearest thousand dollars.
### Supplementary Information

**Components**

<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>Admin, Public Works, and Marina Facilities</td>
<td>4 to 20</td>
<td>$1,507,750</td>
</tr>
<tr>
<td>Association Signage</td>
<td>3 to 17</td>
<td>232,700</td>
</tr>
<tr>
<td>Automatic Gates and Gate Facilities</td>
<td>5 to 35</td>
<td>815,118</td>
</tr>
<tr>
<td>Backhoe</td>
<td>10</td>
<td>90,000</td>
</tr>
<tr>
<td>Community Paths/Trails</td>
<td>8 to 15</td>
<td>3,999,296</td>
</tr>
<tr>
<td>Delegal Structure</td>
<td>28 to 29</td>
<td>926,605</td>
</tr>
<tr>
<td>Dock Boxes</td>
<td>15</td>
<td>42,100</td>
</tr>
<tr>
<td>Field/Park Rehabilitation</td>
<td>1</td>
<td>190,000</td>
</tr>
<tr>
<td>Floating Docks</td>
<td>1 to 40</td>
<td>1,778,000</td>
</tr>
<tr>
<td>Forklifts</td>
<td>8</td>
<td>557,000</td>
</tr>
<tr>
<td>Front-end Loader</td>
<td>1</td>
<td>50,000</td>
</tr>
<tr>
<td>Fuel Tanks</td>
<td>5</td>
<td>68,000</td>
</tr>
<tr>
<td>Gangways</td>
<td>5</td>
<td>23,000</td>
</tr>
<tr>
<td>Gate Irrigation and Drainage Systems</td>
<td>2 to 15</td>
<td>291,000</td>
</tr>
<tr>
<td>Harbor Dry Stack Storage</td>
<td>1</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Harbor Electrical Transformer</td>
<td>18</td>
<td>40,000</td>
</tr>
<tr>
<td>Harbor Seawall</td>
<td>18</td>
<td>1,300,000</td>
</tr>
<tr>
<td>IT Equipment</td>
<td>1 to 5</td>
<td>191,293</td>
</tr>
<tr>
<td>Lagoon Dikes and Structures</td>
<td>1 to 43</td>
<td>2,499,194</td>
</tr>
<tr>
<td>Other Infrastructure Components</td>
<td>1 to 30</td>
<td>1,407,442</td>
</tr>
<tr>
<td>Road Bridges</td>
<td>2 to 49</td>
<td>5,406,000</td>
</tr>
<tr>
<td>Roads</td>
<td>1 to 20</td>
<td>13,270,095</td>
</tr>
<tr>
<td>Storm Drain Pipes</td>
<td>14 to 64</td>
<td>38,049,695</td>
</tr>
<tr>
<td>Street Sweepers</td>
<td>2 to 3</td>
<td>240,000</td>
</tr>
<tr>
<td>Vacuum Jetter Truck</td>
<td>1</td>
<td>175,000</td>
</tr>
</tbody>
</table>

**Total**                                           |                                        | **$75,649,288**                           |
2017 Landings Association Board Directors

Jim Rich
President

Hank Policinski
Vice President

Joyce Marble
Treasurer

Terry Breyman
Secretary

Blake Caldwell
Director

Rick Cunningham
Director

T.J. Hollis
Director

Nancy Pavey
Director

Sam Hatcher
Director

Rex Templeton, Jr.
Ex-Officio