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 provide security services within the community.
Message from the President

February 28, 2020

Dear Fellow Residents,

Welcome to the 2019 Landings Association Annual Report. I urge you to read the entire report and to contact the Association (webmaster@landings.org or 912-598-2520) with any questions you may have.

This report contains a wealth of information regarding TLA activities over the last year, including a brief recap of the year’s accomplishments, the annual report from The Landings Company, and most importantly, the complete, audited TLA financial statements so you can see just how your Assessment dollars are spent. This document includes an informative look into how each department operates and all the services they provide for each of us over the course of the year.

During my time on the Board, I’ve seen how diligently and effectively TLA staff, under the capable direction of General Manager and Chief Operating Officer Shari Haldeman, work every day to provide the quality customer service we as residents expect and deserve. Simply put, they are knowledgeable, efficient, and very good at what they do. I recognize and thank the significant number of TLA community volunteers who comprise the Board of Directors, committee chairs, committee members, and many other volunteer positions. Our volunteers are a valuable and dedicated resource, and we appreciate their service to the community.

The job of the Board of Directors of The Landings Association is to provide oversight of the Association and to set the strategic direction and policies for the Association. 2019 was a busy year for TLA, with many accomplishments and a few disappointments. We achieved a number of important objectives laid out in our Strategic Plan, which I touch on below.

Communications - TLA began streaming its monthly meeting and the new Budget Workshops. The monthly Board meeting packet was made available online. Backyard Buzz was utilized to alert the community to matters of interest and importance.

Community paths - TLA, through its Security Committee, solicited resident input concerning community path safety and possible improvements to facilitate the safe use of the paths by everyone. The widening of the path between Tidewater and Wiley Bottom came out of this initiative.

Environmental Sustainability/Stewardship - Throughout 2019, TLA continued initiatives in the area of environmental stewardship and sustainability, working alongside our community stake holder partners. We held a number of educational events to increase knowledge about our environment and water conservation as well as installed weather stations throughout the island. The weather stations were made possible through the donations and volunteer hours of many Landings residents, including some members of Skidaway Audubon.

Development/Housing - TLA’s Renovation Resources Committee hosted workshops and worked to develop a website that encourages and empowers current owners or potential buyers who want guidance, ideas, or advice in bringing their properties up to date. The Landings Association continued litigation on a small number of houses with serious, ongoing property maintenance standards violations. One house was finally foreclosed by the lender, sold, and brought up to standards, and three others are in various stages of legal action.

Governance and Decision-Making - TLA strengthened its ties with key partners off the island, participating in periodic meetings with Chatham County staff, and increased coordination with the Chatham Emergency Management Agency (CEMA) through GM Haldeman’s attendance at the CEMA Command Policy Group meetings during storm events.
Two Board members of TLA also served as Board members of The Landings Company. The dual Directors have been able to streamline communications between the two entities.

The Presidents of The Landings Association, The Landings Club, and The Landings Company met and worked together to improve communications and understanding between the entities, to understand and reconcile the necessarily different governance roles and philosophy of these entities, and to identify strategic opportunities on issues where we can work together.

The potential Incorporation of Skidaway Island as a city was brought to a vote, and that notion was defeated.

**Looking ahead to 2020** - 2019 marked the first year where TLA’s budget was frozen at the 2018 rate. That freeze continued in 2020. The staff and the Board of TLA deferred some projects and eliminated or reduced others. As our community approaches its 50th anniversary, a recent Reserve Study showed our current reserve level is not funded adequately. We are at a crossroads where we will decide whether we will continue to preserve what we have and to enjoy the lifestyle we expect. In 2020, we will have the opportunity to make that decision in approving an Assessment increase recommended by TLA’s Board.

I am honored to serve as your 2020 Board President, and I’m confident that in 2020, with the help of our very talented group of Board members, The Landings will continue to be the place that we, and many future residents, want to call home.

---

John Holmquist
2020 President
The Landings Association
Our Vision

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.

Mission, Vision, and Strategic Plan Objectives

Our Mission

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

Strategic Plan Objectives

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 of 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.
General Manager’s Report

The Landings Association

February 28, 2020

Dear Residents,

This past year was dedicated to identifying and creating more opportunities to involve and engage you in the business of your Association. A variety of strategies were implemented in 2019 to increase the effectiveness of our communications, outreach, and engagement with you.

Our Communications team launched Backyard Buzz (www.landings.org/backyard-buzz) early in 2019 to help address various issues that pop up on social media, featured in weekly Enews. While we continued our printed Landings Journal, our main website (www.landings.org), several Facebook pages, and other social media outlets, we also focused on shorter articles to highlight specific issues, short video interviews to discuss or demonstrate various topics, and animated videos. Our platforms, frequency, and speed of communications will continue to evolve as we continue to learn more about your needs and preferences. In 2020, staff will work with the Communications Committee to improve and update the interactivity and usefulness of our Association website. These enhancements are intended to respond to rapidly evolving communications needs in the digital age while continuing to value and encourage direct community involvement and participation.

We began live-streaming The Landings Association’s Board meetings for interested residents unable to attend these monthly open meetings, and then posting the video on YouTube and Facebook. A monthly average of 228 people either viewed the meeting livestream feed through our Facebook Group (www.facebook.com/groups/TLAHQA) or subsequently watched the video on our YouTube channel (www.YouTube.com/LandingsAssociation).

Beginning in September, meeting agendas for the Architectural Review Committee (ARC) were posted online in our Weekly E-News, and the ARC modified its meeting procedures to provide for a resident comment period on pending applications. The ARC implemented these changes in response to increased interest in new home construction and additions as our community nears full buildout of lots. The new processes provide an opportunity for interested neighbors to hear staff reviews and applicant presentations on projects and express perspectives on the proposals submitted for ARC consideration.

Resident input in our Security Committee study of community path safety was solicited during a Drop-in Forum to identify the most problematic issues and locations. The subsequent Committee recommendations, including widening at several locations, were adopted by the Board as a pilot test and implemented by our Public Works team. The safety improvements were made to the path that runs along Landings Way North from Tidewater Way to Wiley Bottom Road, including removal of several trees and widening of several key areas.

Your feedback on Association services and satisfaction levels was requested through our biannual community survey, preceded by three focus groups of randomly selected residents with the survey consultant to assist in informing the survey questions. Responses from 2,891 residents to the online survey provided significant input, with overall results presented by the survey consulting firm during the September Board meeting. The full report was posted on our website at www.landings.org/resources > then click restricted resources > Community Survey Results > 2019 Community Survey Results. Substantial insights on satisfaction levels, importance of various services, and improvement opportunities were gained from your survey feedback.
General Manager’s Report

We also learned that:

➢ Overall satisfaction (Very Satisfied or Satisfied) with the services provided by The Landings Association was 81.4% among the respondents. A total of 13.1% were undecided, while 5.5% were Very Dissatisfied or Dissatisfied.

➢ A total of 69.3% reported (Strongly Agree or Agree) that the services provided by The Landings Association are a good value for the Assessment (property owner dues), with 18.7% reporting Neither Agree nor Disagree. A total of 12% Strongly Disagree or Disagree.

We created opportunities to more thoroughly engage residents in the annual budgeting process. Our Finance team hosted and live-streamed two community Budget Workshops at Delegal Creek Marina in October and November, prior to the annual December budget adoption by the Board, to provide residents with information about the budget and the budgeting process, followed by Q&A. The following key takeaways were covered in depth during the second workshop on the proposed 2020 budget:

• Expenses in the 2020 budget are 4% lower than the 2018 operating budget.
• Non-Assessment revenue for the 2020 budget is 10% higher than the 2018 budget.
• Expenditures have continued to decrease through program, service, and employee benefit reductions with the least impact, while maintaining core services to residents.
• No new or additional services are included in the 2020 budget.

In addition to those residents who attended the sessions, 393 viewed the first Workshop online by Facebook livestream or YouTube video, and 246 also viewed the second Workshop online. The third scheduled Workshop, on the Capital Reserves Study, was postponed until January 2020 to provide for completion of the independent Reserve Specialist final report and recommendation. Regular workshop formats on our budget and finances are being integrated into our normal regular operations in 2020 and beyond. As always, The Landings Association’s 2020 Budget is available on our website for property owners to review (www.landings.org/resources > then click Governing Documents > Budget Book 2020).

Residents responded to our calls for volunteers to become directly engaged in developing solutions and recommendations for specific projects and issues.

Volunteers were solicited to serve on a Committee to develop a proposed plan to improve the Association Playground and Athletic Field complex. Committee members, representing a range of facility users, evaluated the existing conditions of the complex and explored equipment options and vendor offerings. At this juncture, these volunteers are finalizing a proposed plan for presentation and discussion with the community.

The Board appointed volunteers to a newly established Renovation Committee to identify the resources most desired by current and prospective owners and to develop a program to support home renovation efforts. The purpose of the Committee is to create and implement a platform for supporting Objective 2 of The Landings Association’s Strategic Plan – “Facilitate a fresh, diverse housing stock for people at every stage of life who desire the ‘Landings Lifestyle’”. Focus groups of residents and real estate agents were hosted by the Committee members to understand better the needs of both current homeowners and prospective buyers. In addition to initial development of a renovation resources website, by the end of 2019 the Committee members announced plans for a renovation workshop series beginning in January 2020.

The Board adopted the recommendation of the R-3 (Reduce, Reuse, Recycle) Committee to suspend plastic and cardboard recycling at our Recycling Center on McWhorter Drive by the end of 2019 due to lack of viable recycled material markets. The Recycling Center was designed to operate on a cost-neutral basis and successfully did so for many years. This recommendation followed a year of Public Works staff and Committee member work analyzing the recycling program and evaluating options to improve operations, projected to cost $20,000 by the end of the year. The R-3 Committee members also spent hundreds
of hours at the Association’s recycling facility educating residents on the “do's and don’ts” of recycling. Two stakeholder meetings, including representatives from Skidaway Audubon, Sustainable Skidaway, and Landlovers, were hosted by staff and Committee members to present the financial implications of deteriorating market conditions. Along with the recommendation to suspend plastic and cardboard recycling, the Committee urged that community focus be shifted to promoting reduce and reuse as far more sustainable alternatives.

While these three examples represent new initiatives, our long history of generous volunteerism is a major point of differentiation that distinguishes The Landings from other communities. Many volunteer hours continued to be devoted to your community through service on existing Association committees. These committee members help your Association staff and Board of Directors understand better the voice of the community in all areas of service and program delivery.

Internally, challenges and opportunities in employee recruitment and retention were experienced during 2019. Historically low unemployment (3.4% in Georgia) combined with upward pressure on wages, contributed to one of the most challenging hiring markets in the Association’s history. Local recruitment was particularly difficult, as expanded development west of Savannah is driving applicants further out of our area and creating jobs closer to their homes. By the end of the year, however, high turnover in Security, Marinas, and Community Development had begun to stabilize.

The resignation of our Public Works and Community Development Director in early 2019 presented an opportunity to evaluate the scope of the role and duties for this position. As a result, the Community Development function was separated from Public Works into a standalone department, with the department manager reporting directly to the General Manager. Under this restructuring, vacant positions were filled, and the high turnover in staffing was resolved. This department is responsible for two primary functions directly related to preserving and enhancing property values in the community. One function is staff review and processing of all permit applications for submission to the Architectural Review Committee (ARC), including exterior alterations, additions, and new construction. The second function is compliance inspections for the Association’s Private Property Maintenance Standards (PPMS), established following the overwhelming community approval of the 2015 Covenants Modernization Vote.

In June, we welcomed Erin Schumacher as the Community Development Department Manager. Erin previously worked as a Principal Planner for the Town of Bluffton, as well as for private architecture and engineering firms throughout the Midwest and the Northeast. She is certified by the American Institute of Certified Planners and holds a master’s degree in Urban and Regional Planning.

Separately, following a nationwide search for a Public Works Director, our own Sean Burgess, who served as the Association’s Environmental Manager for 15 years, and as the interim Public Works Director during the search, emerged as the most qualified candidate and was promoted into the position. Sean holds a Biology degree, earned his certification in Public Works Management from the University of Georgia, and also holds national certification with the American Public Works Association (APWA). Jason Alstad was hired to fill the vacancy created by Sean’s promotion. Jason earned his degree in Natural Resources & Environmental Management and brings field work experience with DNR, UGA, and the Fish & Wildlife Division of Fort Stewart/Hunter Army Airfield.

The balance of this report includes the consolidated Annual Audited Financial Report of both The Landings Association and The Landings Company (TLA’s wholly owned subsidiary), as well as reports from each of the Association’s operating departments. The independent Annual Audit of 2019’s financial statements was completed in February. The Auditors issued an unqualified opinion, meaning that our financial statements are fairly and appropriately presented, without any identified exceptions, and in compliance with generally accepted accounting principles (GAAP). I encourage property owners to spend some time reviewing this important information about your community and welcome your questions and comments.

I extend my sincere gratitude and appreciation to the numerous people, dedicated and committed to the success of our community, who contribute to making The Landings a unique and unsurpassed place to call home. It is a privilege to serve as your Association General Manager.

Shari Haldeman
2020 Board Directors

John Holmquist  
President

Jim Morgan  
Vice President

Tony Martin  
Treasurer

Judy Monaco  
Secretary

Hal Duensing  
Director

Kathleen Field  
Secretary

Diane Thompson  
Treasurer

Jim Van Epps  
Director

Mark Winters  
Director

Hank Policinski  
Ex-Officio
TLA Operations Leadership Team

Shari Haldeman  
General Manager/COO

Sean Burgess  
Public Works Director

Karl Stephens  
Asst. General Manager/CAO

Karin Condame  
Human Resources/ Organizational Effectiveness

Rory Jose  
Marinas Director

Tim Cook  
Security Director

Dianne Talcott  
Director of Budget, Planning & Analysis

Jessica Henderson  
Controller

Erin Schumacher  
Community Development Manager

Read complete staff bios online (https://landings.org/staff-bios).
2019 Committees

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Hank Policinski, Vice President
Kathy Field, Secretary
Diane Thompson, Treasurer

**FINANCE & AUDIT**
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Jerry Beets
Ron Dillard
John Kane
Marian Mackle
Joyce Marble
Jim Morgan
Jim Rich
Wim Salien
Jim Van Epps
John Palermo, TLC Liaison
Chip O’Brien, TLC Liaison
Shari Haldeman, Dept. Contact
Karl Stephens, Dept. Contact
Dianne Talcott, Dept. Contact

**GOVERNANCE**
Hank Policinski, Chair
Blake Caldwell
John Holmquist
Jim Morgan
Jim Rich
Shari Haldeman, Dept. Contact

**STRATEGIC PLANNING**
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Kathy Field
John Holmquist
Jim Morgan
Shari Haldeman, Dept. Contact

**WATER RATE**
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Marion Mackle
Joyce Marble
Patty Morgan
Jim Van Epps
Shari Haldeman, Dept. Contact
Karl Stephens, Dept. Contact
Dianne Talcott, Dept. Contact
Jessica Henderson, Dept. Contact

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Jim Rich, Chair
Kathy Field
Jim Morgan
Hank Policinski
Diane Thompson
Shari Haldeman, Dept. Contact
Erin Schumacher, Dept. Contact

**NOMINATING**
Jim Morgan, Chair & Board Liaison
Dave Angell
Maryce Cunningham
John Holmquist
Joe Grispo
Annelie Liedtke
Tara Packer

**NOMINATING Cont’d**
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John Holmquist, Board Liaison

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Terry Breymann
Blake Caldwell
Kathy Field
Bill Foster, Sr.
Bob Hainly
Charles Heino
Eric Larson
Joyce Marble
Patty Morgan
Lee Maine, Utilities, Inc.
Ron Medders, Utilities, Inc.
Steven Freund, TLC Liaison
Chris Steigelman, TLC Liaison
Shari Haldeman, Dept. Contact

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**ARCHITECTURAL REVIEW**
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Roger Cayer
Bob Fischer
Bill Haeger
Nancy Hubbard
Donald Lieb
Judy Snyder
Blake Caldwell, Board Contact
Erin Schumacher, Dept. Contact

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Kenneth Hubbard
Laurie Milano
Jeff Muzzy
Chris Savage
Michael Newman (Alternate)
Tim Cook, Dept. Contact

**STANDING COMMITTEES**

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Mike Auen
Anita Clos
Maryce Cunningham
Brenda Day
Claudia Law
Rosemary Mackey
Katharine Marshall
Michael Newman
Lisa Olson
Chris Savage
Blake Caldwell, Board Contact
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Kristin Peney, Dept. Contact

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Bill Foster, Sr.
David Grosse
Kathy Siler
Richard Sullivan
Jerry Thompson
Ronald Weber
Jim Van Epps, Board Contact
Hal Evans, CCA Contact

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Tara Packer
Mark Piven
Bill Stallings
Mark Winters, Rhodes 19
Mike Welsh, CCA Contact
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Rory Jose, Dept. Contact

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Joe Grispo
Russell Liedtke
Lars Ljungdahl
Robert Longueira
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Don Schoenwald
Cary Shapoff
Shari Haldeman, Dept. Contact
Karl Stephens, Dept. Contact

**INSURANCE**
Jerrry Beets
Jack Coderre
Donald Lieb
Pryor Robertson
Kent Urness
Shari Haldeman, Dept. Contact
Karl Stephens, Dept. Contact
Dianne Talcott, Dept. Contact

**DOG PARK**
Karen Feeney, Chair
Tim Andrews
Carol Blaisdell
Melissa Chapman
Patricia Hirschi
Ingrid Poppell, Dept. Contact

**TALLOW TREE**

**RENOVATION**
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Richard Burke
Kathy Collura
Frances Johnson
Ralph Lewis
Tim Souls
Gail Tomassini
Kathy Field, Board Contact
Diane Thompson, Board Contract

**ATHLETIC COMPLEX**
Caillín Anckner
Bill Bayfield
Jan Bishop
Pat Brooks
Amy Donahue
Brett Feenster
David Krautheimer
Jim Van Epps, Board Contact
Sean Burgess, Dept. Contact

**REDUCE, REUSE, RECYCLE**

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Lynn Gensamer, Co-Chair
Sandy Caruso
Thomas Crum
Don McCulloch
Marilyn Ratliff
Callie Ryan

**HELPING NEIGHBORS**
Connie Squibb, Chair
Einer Anderson
Joanne Bovey
Mary Ann Haslai
Russ Liedtke
Kim Little
Don McCulloch
Lynne Norton
Lisa Olson
Tara Packer
Tom Sanford
Win Shuman
Robert Strand
Caryl Warner
Sean Burgess Dept. Contact
Ingrid Poppell, Dept. Contact

**PUBLIC WORKS**

**TALLOW TREE Cont’d**
John Taylor
Scott Warden
Rudi Wunsch
Communications & Community Outreach

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. The department consists of the Communications Program, Community Programs, and Human Resources/Organizational Effectiveness.

2019 HIGHLIGHTS

Landings Association Website (www.landings.org) and Social Media Sites
In 2019, focus continued on promoting the social media sites as well as the SeeClickFix Swift911 technologies. A Landings Facebook Group page was created in June 2019 to allow more quality control. The page is a closed group for Landings residents only. The Landings Association’s website (www.landings.org) was updated to include a new careers portal to streamline the experience for those seeking employment. This portion of the site is a one-stop shop that houses the employment application, employee vision and values, photos, testimonials from current employees, and more. Additionally, the website includes a new volunteer section where residents interested in getting involved in community clubs and organizations can learn more about what is offered on-island and in our area. Work to improve the social media platforms and the website will continue in 2020.

Statistics

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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. Advertising revenue more than offsets the printing and distribution costs.

Community Communications

Community Communications include production and/or publication of voting packets, this Annual Report, and the Residential Directory. 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.

The 2019, the department continued partnering with The Landings Club and The Landings Company on the New Owner Receptions and Collaborative Communications Meetings. The New Owner Receptions have been well attended and continue to receive 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. Three such events were held in 2019, with three more scheduled in 2020. Communications and Community Outreach staff, along with key management members from the three entities (TLA, TLCo, and TLC), meet quarterly for a Collaborative Communications Meeting to share ideas and find ways to work together to help promote events and educate residents on the roles of each organization.
Community Programs

Part of the current Strategic Plan provides for the “Development and delivery of 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”. 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.

Special events organized or assisted by the department include the following:

- The Amazing Race Orienteering Event
- Earth Smart Living
- Girls on the Run
- LandingsFest
- Landings Harbor Fishing Tournament
- Landings Night with the Savannah Bananas
- Native Plant Walks
- Science on Tap
- Sidewalk Chalk Festival
- Sunset Sips
- Wine and Canvas Nights

Sponsorships and user fees help defray the production costs of these events, and efforts will be made to gain additional sponsors. Seasonal cookouts were eliminated in 2019, as these events do not always cover their costs. However, the larger festivals (HarborFest and LandingsFest) that celebrate the beginning and ending of summer remain, as they have significant sponsor support.

One of the challenges faced by this department is the lack of a large meeting space or community center that can accommodate bigger groups as programs grow. To help address this issue, many programs in 2020 will target specific, smaller audiences (e.g., caregivers, students, etc.) to maintain the quality experience expected by participants. Furthermore, indoor programs will be livestreamed so that residents not able to attend in person or in real-time will be able to enjoy the presentation at their convenience.
Human Resources/Organizational Effectiveness

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/Organizational Effectiveness Manager supports organizational development efforts through regular communication of strategic updates, scheduling periodic inter-departmental meetings, and gathering feedback regarding professional development needs, and is a knowledgeable asset to employees as they navigate available HR programs, tools, and benefits.

The 2019 turnover rate was 32%. The voluntary verses involuntary terminations were equal, with 12 involuntary terminations and 10 voluntary terminations. The primary reasons for the voluntary terminations were career changes or moves out of the area, with two employees leaving for higher paying positions in the same field. The department conducted market studies on the positions with the highest turnover and adjusted the pay ranges if necessary for 2020.

On average, it took 49 days to fill positions in 2019. Recruitment and selection of employees has become increasingly challenging. This is partially due to the low unemployment rates, both statewide and nationally (3.4% and 3.6% respectively). Additionally, as development continues further west of Savannah, the labor pool is more widespread geographically, meaning longer commutes to The Landings.

Training and Development for 2019 combined in-house and outsourced trainings and included both personal and professional development opportunities. Topics included emotional intelligence and personal finance as well as in-house Excel classes. Annual compliance training on employment law and harassment was conducted for the managers and supervisors. Additionally, all new hires participated in the Myers-Briggs Type Indicator (MBTI) Assessment. They received their individual profile which, based on their responses, indicated their personal communication preferences. The MBTI is an excellent tool for understanding the differences in individuals and creating opportunities for open conversations about those differences. The HR/Organizational Effectiveness Manager became certified to administer the MBTI at the beginning of 2019, which greatly reduced the cost of such testing.

Also in 2019, in coordination with Suzanne Kirk of Employment Development Strategies, the department conducted a survey and held focus groups to review The Landings Association’s Core Values. The survey and focus groups were designed to obtain feedback on whether the Core Values that were developed by staff in 2015 were still relevant today. From these groups, a committee of volunteer employees was formed to update the values and then develop a plan to introduce them into TLA’s workplace culture. The updated values include people, leadership in everyone, purposeful communication, and fun.

In 2020, the department will focus on organization-wide workshops which will be conducted in-house by the HR/Organizational Effectiveness Manager. The workshops will focus on the updated core values developed in the workshops held in 2019.

The department has also contracted with a new benefits administration company for 2020. The company, EverythingBenefits, integrates with the current HR system and will communicate benefit changes and elections directly to the carriers. Currently, changes in health benefits are manually changed on each of the carriers’ websites.

Employee teams continued in 2019. The Employee Engagement and Event (E3) Committee facilitated the Association’s Wellness program and hosted employee events, such as the holiday party and the all employees meeting. The Safety Team ensured employees completed the required OSHA trainings and reviewed the accidents report monthly to spot trends and make recommendations to enhance safety procedures for the organization. In 2020, employee teams will continue and will be encouraged to bring new ideas to enhance employee engagement.
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 the quality of the community housing stock. Programs within the department include Architectural Review and Community Standards. As well, the department provides TLA's staff liaison to the Renovation Committee and Appeals Committee on an as-needed basis. Each program area fulfills a specific role to support the strategic objectives of The Landings Association to ensure adherence and consistency with the architectural standards of The Landings, as well as compliance with the General Declaration of Covenants and Restrictions of The Landings Association and the Private Property Maintenance Standards.

2019 HIGHLIGHTS

Staffing

During 2019, the operations of Community Development became a standalone department, with the Manager reporting to the General Manager. In 2019, Community Development underwent extensive staffing changes, as well as bringing on new inspector and administrative assistants. These changes had significant effects on the daily operations, and the department’s goals, objectives, and technology advancements were impacted. During the transition, several other TLA Department’s staff devoted additional time to provide assistance with operational duties, recruitment, interviews, and training sessions that otherwise would be directed toward various other goals and objectives. Now that the department is fully staffed, those operational duties have been reabsorbed by the Community Development Department.

Standard Operating Procedures

During the staffing transitions, we took the opportunity to develop detailed standard operating procedures (SOPs) and work calendars for all processes and procedures related to architectural review and Private Property Maintenance Standards. The SOPs have greatly improved the continuity of the department for current staff and are a valuable resource for future staff to continue to run the department in an efficient manner.

Architectural Review

The Architectural Review Committee maintained its schedule of two meetings per month. 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 2019, staff continued utilizing the Public Works Department’s Environmental Manager for landscape reviews to improve turnaround time and customer service, with decreased expense. The Community Development Department includes four employees to handle the Architectural Review and Private Property Maintenance Standards needs of the community.

The construction of 19 homes was completed in 2019. Another 16 homesites remain under construction and are expected to be completed in 2020. The 644 permits issued in 2019 required one-to-five inspections based on the type of permit issued. Inspections vary based on the type of permit issued and are categorized into the following: new constructions and major improvements (require five inspections), minor improvements (require three inspections), and dumpster/POD permits (require one inspection).

Changes to ARC Meeting Process

Several concerns were voiced to The Landings Association’s Board of Directors by residents in 2019 regarding transparency and consistency with the Architectural Review Committee (ARC) meetings, so the process was reviewed to identify opportunities to rectify these issues. After investigation, it was determined that minor changes could be enacted to address these concerns. After discussion and review with the ARC and Governance Committee, the following changes were made to the process.

First, the meeting structure was revised to include a Staff overview and the opportunity for the applicant to address the ARC before discussion of the application materials. Also, residents are now permitted to attend the meetings and are provided a process to address the ARC with comments/concerns. In addition to these changes, the summary agenda is also posted in the Association’s weekly Enews, allowing residents an opportunity to know what items are going to be reviewed by the ARC at the following week’s meeting. Based on cursory feedback from applicants, residents, and neighbors, the changes to the process have been viewed as positive improvements.
Community Standards

The Community Standards program focuses heavily on proactive inspections to ensure compliance with the Private Property Maintenance Standards (PPMS) while simultaneously educating residents to recognize violations they may not be aware of and encourage voluntary compliance. In 2019, staff implemented a three-month cycle to ensure that every home within the community is inspected a minimum of four times per year. In addition, staff also performed an inspection from the golf course pathways to ensure that all vantage points were being addressed during the inspection process.

Once a violation has been identified, staff attempt to make contact with the property owner with a courtesy phone call and/or email to notify them of the violation and provide guidance towards resolution. If staff are unable to make contact with the property through a courtesy notification, a formal notification will be sent to the owner indicating that they have 10 days from the postmarked date to:

1. Correct the violation within 10 days, if practical; or
2. Advise staff within 10 days of a Plan of Action that reflects how and when the identified item(s) will be brought to standards; or
3. File an Appeal within 10 days to the Appeals Committee.

If the owner does not respond, additional notices will follow in accordance with the PPMS stated process. Under very rare circumstances, a violation may result in fines or suspensions. In 2019, of the 324 violations identified, 297 (or 92%) were resolved through voluntary compliance. At the end of 2019, a total of 56 properties remained in the PPMS violations process.

Changes to Inspection Distribution

In July of 2019, a second inspector was brought on staff. At that time, the inspection duties and responsibilities were reviewed for efficiencies and effectiveness. It was determined that a more practical approach to the distribution of inspections would be to have one inspector focus on the proactive routine inspections, allowing the second inspector a more flexible schedule. This inspector is then tasked with primarily focusing on addressing day-to-day inspection requests from residents, SeeClickFix notifications, interdepartmental referrals, follow-up inspections, and assisting with ARC and routine inspections as needed. Thus far, this process has proven to be very successful in reducing the timeframes to respond to inspection requests as well as the timeframe to bring properties into compliance.

2020 EXPECTATIONS

Private Property Maintenance Standards

The Private Property Maintenance Standards were adopted in 2015, and minor revisions were made in 2019 to clarify processes and procedures. Since then, consideration for additional revisions to the PPMS documents and the Rules and Regulations have been proposed to clarify the criteria of review, remove redundancies, address areas that may have been omitted from earlier documents, and to make them more approachable for residents and property owners. Staff will continue to proceed forward with these proposed revisions, with a target timeline of adoption by the Board by the end of 2020.

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. Furthermore, staff, in conjunction with the Architectural Review Committee, intend to revise the ARC Guidelines, which will provide additional clarification on certain aspects of the Guidelines, all while improving the ARC process and allowing the committee the necessary latitude to continue effectively in its role.

Technology and Communication Upgrades

By the end of 2020, CitizenServe’s customer-facing permitting side is scheduled to go live. While already utilized by the Inspection Staff for documenting, tracking, and processing compliance enforcement cases, this new facet will allow residents and contractors to apply for permits online, pay review fees and construction deposits, track the review process of their projects, and request inspections and construction deposit refunds.
Staffing Levels
Based on technology and communications improvements, staffing will remain at four employees to ensure satisfactory customer service. With an excess of 600 permits being issued annually that require a minimum of 700 inspections, more than 17,680 Private Property Maintenance Standards inspections planned, and the time needed to work with property owners towards bringing their properties into compliance, all employees will be fully utilized.

Community Development
It is estimated that 20 new homes will be completed within the community in 2020, and 100 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 attendance at home improvement events, such as the Deck Expo, educational newsletter articles/videos, and personal consultations with realtors, property owners, and contractors.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Architectural Review:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Lots</td>
<td>4,420</td>
<td>4,420</td>
</tr>
<tr>
<td>Total Homes Completed</td>
<td>4,186</td>
<td>4,167</td>
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<tr>
<td>Number of Reviews/Permits Issued</td>
<td>644</td>
<td>583</td>
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<tr>
<td>• New Home Construction</td>
<td>14</td>
<td>26</td>
</tr>
<tr>
<td>• Additions/Alterations to Existing Homes</td>
<td>397</td>
<td>247</td>
</tr>
<tr>
<td>• Dumpster/PODs/ Land Clearing</td>
<td>204</td>
<td>213</td>
</tr>
<tr>
<td>• Other (Stop Work Orders, FSBO)</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>• Demolition</td>
<td>1</td>
<td>1</td>
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<tr>
<td><strong>Private Property Maintenance Standards:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Violations Identified</td>
<td>324</td>
<td>161</td>
</tr>
<tr>
<td>Total Properties with PPMS Violations</td>
<td>324</td>
<td>81</td>
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<tr>
<td>Violations Resolved</td>
<td>297</td>
<td>80</td>
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<tr>
<td>Properties Removed from Violation</td>
<td>297</td>
<td>36</td>
</tr>
<tr>
<td>- Resolved by Courtesy Call</td>
<td>119</td>
<td>9</td>
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<tr>
<td>- Resolved by Letter</td>
<td>178</td>
<td>27</td>
</tr>
<tr>
<td>- Resolved by Fines</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>- Resolved by Suspension</td>
<td>4</td>
<td>0</td>
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</table>
Finance

Finance Mission Statement

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

2019 HIGHLIGHTS and 2020 GOALS

Accounting and Assessments Collection

The department processes more than 580 electronic ACH bank payments each quarter for those owners who choose the quarterly payment plan.

On a monthly basis, the department generates the following invoices: Marina 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 at least a 99% collection rate.

The department is responsible for auditing and depositing daily cash receipts from the reception desk, Security gates, and Marinas activities. These include vehicle and Dog Park registrations, which average $2,000/day; daily pass fees, which average $1,000/day from the North Gate; and retail operations at the Marinas, which average $500/day, including gas sales.

Invoices are routed through the Association’s electronic purchase order program and are paid within 14 days. Checks, direct debit, and credit card payments totaling approximately $79,000 are issued weekly.

The department maintains and depreciates a ledger containing more than 715 personal assets, worth a net book value of more than $8,400,000. Personal assets are items over $1,000 that can be depreciated and resold by the Association.

Financial Management and Reporting

The purpose of the Financial Management Program is to provide information to the staff, committees, Board of Directors, and property owners 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/COO in the development of the Long Range Financial Plan, Assessments, and annual operating and capital reserve budgets, and makes recommendations to the Finance Committee and Board of Directors when appropriate.

The Finance Department researched potential banking options and recommended moving all accounts to Ameris Bank in 2017 with Board of Directors’ approval. The switch to Ameris Bank in 2017 meant that there were reduced banking fees (by $12,000 in 2018) which in turn led to more money being available for investments while still adhering to the minimum balance that Ameris requires. Periodically, the department shops the local banks to ensure the best interest rates, banking fees, services, and technologies, which is one of the initiatives that is underway for 2020.

Investments of available funds are made in accordance with Board policy. The interest rates continued to climb in 2019 to more than 2%, which continued the investment of capital reserves money into certificates of deposit along with a money market account. In 2019, a second money market account was opened with Ameris Bank for reserves. Both market accounts held with Ameris Bank (operating and reserves) are earning 1.75% in interest.

In 2019, the Investment Board Policy was updated by the Investment Committee to provide direction for Finance staff. These updates allowed the Association to capitalize on additional interest income by placing certificates of deposits with Ameris Bank’s CDARS program and the Insured Cash Sweep Program. In addition, to the increased interest income, participation in these programs allowed us to federally insure all our cash balances held with Ameris Bank. The market will continue to be reevaluated, and funds will be placed in accordance with the Board Financial Policy.

The department also compiles historical research used to produce benchmark data, which is 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.
Insurance and Risk Management

The purpose of the Insurance and Risk Management program is to acquire insurance for those areas of operation and assets in which the Association risk control techniques do not adequately cover potential 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, and monitoring losses. A committee of residents with expertise in the insurance and risk management industry assists in the annual renewal of insurance policies and makes recommendations for Finance Committee and Board review and approval.

Information Technology

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 2019, the Association’s Purchase Order Software (PN3) was replaced by ReQlogic. ReQlogic has real-time integration with our accounting software (Microsoft Dynamics/Great Plains); has increased accessibility for users via mobile, tablet, or desktop; and has more reasonable annual maintenance costs than the system it replaced.

Also in 2019, the Association moved its accounting systems to Amazon Web Services (cloud), including the accounting software (Microsoft Dynamics/Great Plains), point of sale system (SalesPad), and budgeting software (Dynamic Budgets). This move to the cloud ensures better data security, redundancy, and support. It allows us to immediately update our server specifications as our needs change and not have to replace a physical server. Finally, this allows more seamless remote working options, which has proven necessary during the last two hurricane evacuations. During the move to the cloud, the accounting system (Microsoft Dynamics/Great Plains) was also upgraded to the 2018 version from the 2013 version.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable Checks Produced</td>
<td>2,187</td>
<td>2,628</td>
</tr>
<tr>
<td>Payment Checks/ACH/Cash Deposits Processed</td>
<td>32,560</td>
<td>34,161</td>
</tr>
<tr>
<td>Property Transfers Processed</td>
<td>388</td>
<td>369</td>
</tr>
<tr>
<td>Percent of Assessment Accounts Delinquent</td>
<td>0.3%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
Marinas

Marinas Mission Statement
The mission of the Marinas Department is to provide and promote boating and waterfront activities within The Landings by operating and maintaining two marinas -- Landings Harbor and Delegal Creek. The department provides permanent and transient storage options through wet slips and dry racks, including storage for Jet Skis and kayaks. In addition, the Marinas have a Sailing Program, retail store operation, transient boat services, boat washing, bottom painting, 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.

2019 HIGHLIGHTS

Facility Upgrades
In 2019, the most significant upgrade was repairing the seawall at Landings Harbor Marina, which had become damaged due to past storm activity. In 2018, Thompson Engineering conducted a thorough engineering analysis of the seawall at Landings Harbor, which revealed critical problems with the piles and sheet metal. After reviewing the report and obtaining quotes for repairs, The Landings Association chose The Industrial Company, based in Savannah, to complete the repairs. Repairs began in mid-December 2019 and were completed in early February 2020. The total cost of the project was $93,000.

Landings Harbor Marina removed certain sections of the dry stack roofing in order to have more dry storage slips available for vessels with T-tops and higher profiles. Those new spaces allowed for boats on the wait list immediately to be stored in the dry stack.

The aging fuel dispensers at Landings Harbor were replaced, and the outboard engine on the marina work boat was also replaced. Interior renovations were completed to the Ship’s Store and restroom facilities. Those minor renovations were paid for out of the operations budget.

The Industrial Company installed caps on the piers at Delegal Creek Marina as well.

Marinas Events and Programs
As in past years, coordinated events and activities took place at both marinas. Events and activities included sunset cruises at the Harbor, HarborFest, and the Landings Harbor Annual Spanish Mackerel Tournament. One of the major challenges staff face with these events are the expenses. As such, the marinas discontinued involvement with the Tuesday Night Socials. However, the Skidaway Island Boat Club and Carefree at The Landings hosted a similar event series in the summer months for the boating community. The primary events/activities scheduled for 2020 are sunset cruises, HarborFest, and the Landings Harbor Annual Spanish Mackerel Tournament.

Skidaway Island Boat Club’s 4th annual Low Country Hook Regatta took place in July 2019 and was a big success as usual. The race was a point-to-point ocean race, which started outside Harbor Town, Hilton Head and finished right outside Landings Harbor. The regatta is scheduled to take place again in 2020.

Carefree At The Landings Boat Club
Carefree at The Landings Boat Club is a great alternative to buying a boat. April 2019 marked Carefree’s fifth year with The Landings. Currently, Carefree has a total of eight boats with more than 100 members. Carefree rents eight slips and an office space from The Landings Association. It continues to be an excellent partner in the community and plans to work closely with staff to promote an active waterfront lifestyle in 2020.

Marketing
The Marinas’ work boat, Starfish, made its fifth appearance in the Savannah River Boat Parade in 2019, along with approximately 50 other participants. Marinas’ staff decorated Starfish to resemble Rudolph the Red Nosed Reindeer and staffed the boat in full costume during the parade. Thousands of spectators lined River Street watching the decorated boats. Presents and gift cards that were donated were given to Greenbriar Children’s Home for the holidays.

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 purchased one new J24 in 2018. The program now has a total of three in the fleet. The J24s diversify the program and will help attract new members. Members race weekends to promote camaraderie among participants and offer sailing options to residents interested in sailing. Membership in the sailing program varies seasonally and generates revenues in excess of program expenses, allowing for periodic repairs and replacements of the vessels. The program is fully managed by its members, who also handle much of the required maintenance.

2020 Overall Expectations
Occupancy was consistently high in 2019 and is projected to remain high in 2020. Currently, Landings Harbor has a total of 309 boats in storage (96.3% occupancy), and Delegal Creek Marina has a total of 51 boats (89.5% occupancy). Due to such high occupancy at Landings Harbor, and a changing demographic in boaters, the marina will be extending summer hours to alleviate overcrowding in the basin.

The priority for 2020 will be building on our customer service experience at both marinas. The staff will be committed to delighting all guests while continuing to have a keen focus on boater safety. General maintenance to the buildings and property, such as painting, will be kept to a high standard.

The Marinas are the third largest user of water on the island, with 126 taps between the two marinas. Reducing the gallons used remains a priority. The usage numbers are posted so boaters can see how many gallons are being used on a monthly basis.

2020 Marketing Expectations
The Marinas plan to achieve revenue targets in occupancy levels for 2020 through retention of existing customers and by attracting new customers. 2020 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 2020. We will continue 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, summer hours will be extended.

- 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. The website, resident e-blasts, and Facebook posts help facilitate and promote these activities throughout the year.

- 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 boaters to the Marinas.
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, Buildings 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-term and long-term capital repair and replacement reserve fund. 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 Reserves Fund.

2019 HIGHLIGHTS

Staffing Changes

In 2019, the Public Works Department underwent a number of staffing changes, including several departmental transfers and employee relocations. Although maintenance cycles and projects continued to progress as scheduled, staff devoted additional time to recruitment, interviews, training sessions, and onboarding that otherwise would be directed towards departmental goals and objectives.

Street Repair and Maintenance Program

The Landings Association has approximately 91 miles of roadways. These assets have an average useful lifespan of 15, 20, or 27 years based on road usage. Each year, the Public Works Committee, staff, and consulting engineers review Association-owned roads and make a recommendation for the annual program.

The 2019 road project included the repair, replacement, or sealing of the following roads: Grebe Lane, Kertrel Lane, Turtle Lane, Deveaux Lane, Kelsall Lane, Mackay Lane, Middleton Road, Ribault Road, Schroeder Court, Thibault Lane, Twiggs Lane, Priest Landing Drive, Belle Isle Lane, Adams Point, Franklin Creek Road South, Bellemead Court, Bosuns Circle, Canticle Lane, Liberty Place, Night Heron Lane, Royal Tern Court, Tealwood Lane, and Activity Drive. In 2019, three other sections of road required immediate repair due to sub-base and asphalt failures along with the formation of potholes: the Landings Way North Loop behind the Main Gate, Shellwind Drive from the Deer Creek Village Gate to Moonbill Lane, and Landings Way North and Wiley Bottom Road (road repair following a pipe failure). The road project and immediate road repairs were funded through the Capital Reserves Fund.

Annual Community Paths Repair/Replacement Project

The goal of the resurfacing/repair program is to eliminate damaged, raised, and/or buckled sections, which is largely caused by 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.

The 2019 project was contracted through Absolute Concrete and included the replacements of the following paths: Path #73B Sedgewater Retreat to LWN, Path #73C LWN to Stargrass Retreat, Path #73D Stargrass Retreat to Shellwind Drive, Path #75A Moonbill Lane to Shellwind Drive, Path #75B Moonbill Lane to Sundew Road, Path #72D Stargrass Retreat to Shellwind Drive, Path #40D Plantation Club to Cotton Crossing, Path #40E Cotton Crossing to Pelham Road, and Path #40F Pelham Road to Delegal Marina Circle. The community path project was funded through the Capital Reserves Fund.

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 2019, a combination of contracted crews and in-house staff completed the painting of all street signs, mailbox posts, and yard plaques in the following areas of the community: right side of Tidewater Way, Franklin Creek Road North and Franklin Creek Road South and its side streets, Landings Way South and its side streets up to Cotton Crossing, Waterway Drive and side streets, and Saltwater Way and its side streets. This program was funded through the Association’s operational budget.
Automatic Gate Replacements
Each of the Gatehouses/Access Control Facilities (Deer Creek (2), Main Gate, Marshview Landing, Marshwood, Moon River Landing, 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 2019, staff replaced the automatic gate at the Marshview Landing entrance and the automatic gate and barrier arm located at the Marshwood entrance. This project was funded through the Capital Reserves Fund and captured within the Capital Asset Management Plan.

Storm Drain Survey
Staff continued to monitor and clean any problem storm drains following the heavy rainfall in 2019. Staff contracted Southeast Pipe Survey to repair storm drain pipes in the following areas: Lake Street, Howley Lane, MacKay Lane, and Savy Lane. Staff and a contractor had to repair several other unexpected storm drains that failed in 2019 (unforeseen repairs) at the following locations: Landings Way North and Wiley Bottom Road, Franklin Creek Road South near #27, and Priest Landing Drive at Captain Dunbar Lane. Southeast Pipe Survey utilized a slip line method which involves the use of a CIPP (Cured in Place Piping) lining technology to line the pipes with a fiberglass material that has a guaranteed lifespan of 40 years. These repairs were funded through the Capital Reserves Fund.

Street Sweeper Unit
Street sweeping is performed by two employees in the Construction program who, under a 10-day work cycle, ensure that all 91 miles of roadway within The Landings are routinely swept and free of debris. Historically, the department has maintained three sweeper units. Over the years, staff utilized TYMCO sweepers to conduct the street sweeping throughout the community. Since 2017, the TYMCO sweepers have required extensive maintenance, which has left the department without a unit for extended periods of time. In 2019, staff purchased a Ravo unit (to replace one of the TYMCO units), which is a pure vacuum sweeper. The Ravo unit is smaller and more compact, which has allowed for greater maneuverability around center islands and the hammer-head style streets.

At the beginning of 2020, staff sold one of the TYMCO units on eBay for $50,000 to help offset the cost of the second Ravo unit. Staff intend to keep the remaining older TYMCO unit for backup purposes (e.g., storm cleanup and during months with increased downfall during the spring and fall months). The purchase of the Ravo sweeper was funded through the Capital Reserves Fund and captured within the Capital Asset Management Plan.

HVAC Units
The Landings Association maintains a total of 16 HVAC units at its facilities. Each unit has an approximate useful life of 12 years, and a cost-benefit analysis is completed annually for all units scheduled for replacement in the Capital Reserves Fund based on purchase price and energy efficiency. In 2019, the unit located at the Main Gate Access Control Facility was replaced and funded through the Capital Reserves Fund.

2020 EXPECTATIONS

Contract Renewals
- **TLA/TLC Lagoon Services (2020)**: When the Branigar Organization transferred common property to The Landings Association (TLA) and The Landings Club (TLC), it was recognized that the lagoon systems would operate most efficiently under one central management. In 1994, a contractual agreement was developed and agreed upon by both TLA and TLC, with TLA maintaining all Association and Club owned lagoons for aesthetics, water quality, and stormwater runoff control. Each year, staff from both entities renegotiate a contract for the maintenance of TLC-owned lagoons, with TLC reimbursing TLA for such services.
- **Wildlife Services (2020)**: Staff secured the annual contract for the services of one ¾ time USDA (APHIS) Wildlife Biologist at a zero percent increase. The contract includes a long-term deer management program and the management of other offending species such as feral hogs, squirrels, vultures, and numerous species of migratory birds. Over the last two years, coyotes have migrated to Skidaway Island. Therefore, our USDA Representative modified our permit to include the culling and trapping of coyotes.
- **Herbicide Application of North and South Sprayfield (2020)**: In 2019, staff executed its first contract with Utilities, Inc. for the herbicide and aquatic management of the North and South Sprayfields. This contract includes the semi-annual herbicide application along the primary and secondary ditches located in both sprayfields. Staff intend to execute a 2020 contract with Utilities, Inc., which is an additional source of revenue for the department.
Public Works

Sign Painting Program
Due to the continued flat Assessment, in 2020 the Sign Painting Program has been reduced from repainting 1/3 of the community’s mailboxes and street signs each year to 1/6 of the community each year. The 2020 project will focus on the painting of all street signs, mailbox posts, and yard plaques on Landings Way South past Yam Gandy and its side streets. All work associated with the project will be completed through a combination of in-house and contracted means. This program will be funded through the Association’s operational budget.

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 2020 project will focus on the repair and replacement of the following roads within the community: Button Bush Lane, Pine Shadow Court, Raindance Court, Fat Friars Retreat, Cavan Lane, Deer Run, Ale House Retreat, Howley Lane, Village Green Circle, Wickersham Drive, Brandenberry Road, Franklin Creek Road North, Wakefield Place, Middle Marsh Retreat, and Hammock View Lane. This project will be funded through the Capital Reserves Fund.

Annual Community Paths Repair/Replacement Project
The purpose of the Annual Community Paths Repair/Replacement Project is to improve the community paths that are significantly deteriorated and/or present potential safety hazards. Upon completion of the 2019 repairs, 85% of all community paths are now constructed of concrete, rather than asphalt. The projected unit cost for replacement with concrete is $35 per linear foot and $23 for asphalt. The paths currently composed of asphalt will continue to be converted to concrete, as concrete has a life expectancy that is more than double that of asphalt. The 2020 project will include the repair and replacement of the following paths: Path #58B Tarrow Ridge to Oakridge Club, Path #60 Pine Shadow Court to Westcross Road, Path #71 Shellwind to DC Club, Path #72 McWhorter Bridge to Shellwind (Bathrooms), Path #74 Stargrass to Sedgewater, and Path #27 Cotesworth Place to Huntingwood Retreat. The project will be funded through the Capital Reserves Fund.

Storm Drain Repair and Replacement
In 2019, staff contracted Southeastern Pipe to conduct camera studies of areas where storm drain blockages indicated imminent pipe failures. In 2020, staff and its contractor will continue to focus on the repairs and replacements of sections of storm drain pipe that have been identified as pipe failures or pipe separations or have demonstrated issues as a direct result of root intrusions. All work associated with this project will be funded through the Capital Reserves Fund.

Automatic Gate Replacements
Each of the Gatehouses/Access Control Facilities (Deer Creek (2), Main Gate, Marshview Landing, Marshwood, Moon River Landing, 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 2020, staff will replace the automatic gate and its components at the Deer Creek Gatehouse and the Moon River Landing Gatehouse. These projects will be funded through the Capital Reserves Fund.

HVAC Unit Replacement
The Landings Association maintains a total of 16 HVAC units at TLA-owned facilities. Each unit has an approximate useful life of 12 years, and a cost-benefit analysis is completed annually for all units scheduled for replacement based on purchase price and efficiency. In 2020, the unit located at the Oakridge Gate Access Control Facility is scheduled for replacement and will be funded through the Capital Reserves Fund.

Community Path Bridge Re-decking
There are nine community path bridges located throughout the community. These bridges provide access for various modes of travel (pedestrian, bicycle, and cart) over lagoons and marshland. The bridges are inspected on a monthly basis and directly after any inclement weather occurrence. Each bridge is scheduled for re-decking every 15 years and for replacement every 30 years. In 2020, the community path bridge located in Marshview Landing (connecting Saltwater Way to Sounding Point) and Moon River Landing (over Lagoon 143 near the front entrance of Moon River) will be re-decked. The community path bridge re-decking projects will be funded through the Capital Reserves Fund.
Lagoon Structure Replacements/Repair

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 stormwater overflow. In conjunction with Thomas and Hutton engineers, staff evaluate these structures annually to determine the condition and costs associated with those structures that need replacement.

During the 2019 review process, it was determined that the structure located in Lagoon 42 (located in Oakridge at the intersection of Waterside Road and Westcross Road) requires restoration, which will include the replacement of the Waterman gate valve that has failed. This 2020 replacement will allow water drawdowns for storm preparation and/or heavy rainfall events and will be funded through the Capital Reserves Fund.

F-550 Dump Truck Replacement

The fleet program maintains 22 vehicles, 53 small engines, and 10 pieces of heavy equipment. Staff ensure that all vehicles and equipment are maintained in good working order, available as needed, repaired in a timely manner, and depreciated properly. In 2020, the 2012 F-550 Dump Truck is scheduled for replacement. The F-550 Dump Truck is utilized primarily in the Construction program for community path and road repairs. The department carries the necessary equipment and materials in the truck to address in-house road and community path repairs throughout the community. Additionally, this vehicle is heavily utilized in storm-related cleanup and restoration efforts. The replacement of this Dump Truck will be funded through the Capital Reserves Fund.

Center Island Renovation

In 2004, The Landings Association began a program to beautify and refurbish our common property. This program focused primarily on the 313 center islands within the community and provided a higher level of maintenance for major center islands and increased maintenance for islands on cul-de-sacs and lesser-used roads. Response to this program has been positive, and staff have continually received requests to expand this program. However, the continued flat Assessment revenues necessitate that staff reduce the current level of maintenance on primary and secondary islands. 2020’s program will include bed delineation twice a year, one turf fertilization, rye grass over-seeding in the fall, and one annual pine straw application in the spring, which will be funded through the operational fund. The 2020 work plan will not include the installation of center island plantings, center island tree pruning, and the hydroseeding of warm weather turf.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association Buildings Maintained</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Vehicles Maintained</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Mailboxes and Signs Painted</td>
<td>1,271</td>
<td>1,644</td>
</tr>
<tr>
<td>Mailboxes and Signs Repaired</td>
<td>549</td>
<td>544</td>
</tr>
<tr>
<td>Miles of Community Paths/Trails Repaved</td>
<td>3.5</td>
<td>2</td>
</tr>
<tr>
<td>Square Feet of Road Repaired</td>
<td>5,808</td>
<td>8,464</td>
</tr>
<tr>
<td>Acres of Common Property Maintained</td>
<td>690</td>
<td>690</td>
</tr>
<tr>
<td>Storm Drains Repaired</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>GA Power Streetlights Repaired</td>
<td>73</td>
<td>86</td>
</tr>
<tr>
<td>Cubic Yards of Debris Removed from Roads</td>
<td>2,245</td>
<td>2,635</td>
</tr>
<tr>
<td>Number of Private Trees Approved for Removal</td>
<td>1,468</td>
<td>1,525</td>
</tr>
<tr>
<td>Number of Common Area Trees Removed</td>
<td>129</td>
<td>273</td>
</tr>
<tr>
<td>Miles of Road Shoulder Pruned for Visibility</td>
<td>82</td>
<td>89</td>
</tr>
<tr>
<td>Number of Deer Removed</td>
<td>123</td>
<td>122</td>
</tr>
<tr>
<td>Number of Hogs Removed</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>
Security

Security Mission Statement
The mission of the Security Department is to promote a secure lifestyle through community service in three major operational areas: Access Management, Emergency Service Assistance, and Patrol Operations. The goals of the Security Department are to promote the safety and security of residents, 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 structured like a police department, with a shift supervisor and an assistant supervisor for each shift.

2019 HIGHLIGHTS

Security Committee
As a fundamental part of our overall operation, the Security Committee provided valuable feedback on several matters in 2019. Golf cart and community path safety, as well as social civility, were the primary concerns, and a subcommittee was formed to evaluate these issues and propose recommendations. After exploring numerous options, the subcommittee presented a recommendation for a multipronged approach, which included physical enhancements to more problematic areas of our community paths, the addition of various signage along the paths, and painted signage such as SLOW and STOP on the paths. A new sign was created depicting the various modes of travel on the community paths and reiterating the hierarchy for golf cart drivers to give the right-of-way to all others and exercise due care. The Security Committee will continue to be instrumental as we move forward with the educational phase of the recommendation and evaluate the pilot phase of the path enhancements from Tidewater Way to the Dog Park along Landings Way North.

As staff continue to evaluate and update The Landings Association’s Rules and Regulations in the upcoming year, the Security Committee will be instrumental in providing valuable feedback regarding revisions.

Access Management
The Main Access Control Facility (ACF) is the primary control center for our access management functions, and it also serves as the hub of the automated entry system’s data network for our automated gates. The Main ACF also serves as our dispatch center for calls and is staffed 24/7 with a combination of employees and volunteers. The North (Marshwood) ACF is staffed 12 hours daily (7 a.m. to 7 p.m.) Monday through Saturday and continues to be staffed on Sundays from 7 a.m. to 5 p.m., primarily for sales guests. The Oakridge, Deer Creek, Deer Creek North (McWhorter), Marshview Landing, and Moon River Landing gates remain unstaffed. However, guests who visit these gates can receive assistance via a callbox.

Vendors have the option to purchase daily, weekly, or monthly passes at the North ACF, or they can purchase annual RFID tags. These funds are part of the Security Department’s operating budget and typically account for revenues close to $800,000 annually.

Unfortunately, we witnessed an alarming number of vehicle versus gate incidents in 2019. The 231% increase was related primarily to drivers not slowing down and paying attention to the red/green lights installed at each gate. Staff continue to educate individuals on the importance of vehicle safety and exercising due diligence. Security personnel review each incident, and negligent drivers are invoiced for labor and material costs to fix the gate.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Arrivals Processed</td>
<td>215,177</td>
<td>150,784</td>
</tr>
<tr>
<td>Active RFID’s</td>
<td>19,666</td>
<td>18,944</td>
</tr>
<tr>
<td>RFID Gate Entries</td>
<td>3,485,644</td>
<td>3,407,603</td>
</tr>
<tr>
<td>Vehicles vs. Gate Incidents</td>
<td>96</td>
<td>29</td>
</tr>
</tbody>
</table>

Emergency Service Assistance
Emergency service assistance is a critical function provided by the Security Department. Patrols respond to medical calls, fire/burglar alarms, and emergency incidents in the community. Additionally, patrols provide escorts for police, fire, and emergency medical units during emergencies. Patrol officers responded to 18 reported fires, 698 medical calls, and 132 alarm calls in 2019.

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 Landlovers’ Flea Market, Skidaway Island Marathon, Web.com’s Savannah Golf Championship, and the Kiwanis Chili Cookoff.
- The Association’s General Manager and Security Director participated in Chatham Emergency Management Agency’s
Command Policy Group meetings and conference calls during pre-storm monitoring situations.

- The Association and Chatham County Police Department (CCPD), under the leadership of Chief Jeffrey Hadley, continue to maintain a strong working relationship. The number of Part 1 Crimes reported to CCPD decreased by 44%. CCPD welcomed Danielle Pimental as the new Neighbor Liaison Officer for the East Side, and we are looking forward to working with her in 2020.

Patrol Operations 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 premise checks; various calls for service; and with responding to and assisting fire, medical, and law enforcement agencies. Security personnel conducted 38,532 facility and property checks and 1,827 resident premise checks in 2019, while responding to an average of 275 incidents each month.

ABDi’s OfficerPulse software continued to document our patrol activities, and more than 124,000 miles were patrolled throughout the community. The Association continued to contract off-duty police officers to patrol the streets 28 hours per week and for special events. The off-duty patrols will be eliminated in 2020 due to budget constraints.

Patrol officers respond to various calls for assistance, which include vehicle accidents, road hazards, and suspicious persons. Patrols also enforce the commercial vendor policies, and in 2019, they issued 200 commercial warnings and citations.

Staff continued to use the LIDAR unit for traffic enforcement to assist in speed limit enforcement measures in 2019. Officers also increased enforcement measures for golf cart violations by more than 85% in 2019 and will continue to increase compliance measures in 2020.

Covenants & Rules Enforcement, Fines, Appeals, and Due Process

Security continues to enforce The Landings Association’s Rules and Regulations as well as those Covenants not related to property maintenance, such as short-term rentals, which are prohibited in the Covenants. Following the increase in fines associated with private short-term rentals and the continued efforts of Security personnel to identify non-compliant properties, private short-term rental violations decreased by 100% in 2019. Staff frequently monitor the vacation rental listings on websites such as VRBO, Airbnb, HomeAway, and others. Currently, there are three-to-five properties listed online, and all are in compliance with our Covenants requiring stays over 30 days, except for one property that is being monitored.

Staff began the process of reviewing and revising the Rules and Regulations in 2019 in conjunction with the Community Development Department’s review and revisions to the Private Property Maintenance Standards (PPMS). By simultaneously reviewing both documents, both departments could provide greater clarity to the established rules. Finalizing the revisions will be a top priority in 2020.
The Appeals Committee heard three cases for PPMS violations, and the committee affirmed the Community Development staff’s interpretation of the PPMS on two of the three cases. The committee determined the third appeal was not a PPMS violation but rather a Rules violation. The appeal was granted, and the matter remanded to Community Development for further action, if necessary.

### Video Monitoring

The Avigilon camera system served our needs well in 2019 and will continue to be utilized in 2020. Staff used the Avigilon software countless times throughout the year to solve a variety of incidents, such as a boat theft at Delegal Creek Marina. This particular incident was captured on two cameras which were added to our system in 2018. The cameras also were used to resolve numerous vehicle versus gate incidents. Seventeen existing cameras reached their useful lifespan and were replaced in 2019.

### Technology and Industry Trends and Standards

Once again, the SwiftReach mass notification system proved to be an invaluable asset. An average of 14 alerts was sent per month during 2019. Alerts ranged from hurricane updates to traffic advisories to lost and found pets. Additionally, staff utilized the mapping feature offered by the system to send road paving updates and utility notifications to specific areas affected instead of to the entire community. More than 2,400 individuals have registered for Swift911 Alerts.

The Marshview Landing gates were equipped with lighted arms for increased safety, and staff will continue to monitor their effectiveness.

Staff began evaluating handheld scanners for QR codes, which could be generated for guests via smartphone apps and sent via email through our access management system. When utilized, the scanners should improve the overall entry process. Staff will continue to evaluate these scanners in 2020.

### Team Development

Turnover in the Security Department was 46.8% in 2019. The 2019 authorized staffing level remained at 25, including the Security Director and Office Manager positions. One position was moved from the afternoon shift to the midnight shift in June 2019 to decrease overtime on the midnight shift. The wages for 2020 have been adjusted to be competitive with current market trends in an effort to lower the turnover rate.

Director Cook continued his professional development and successfully passed ASIS International’s Board Certification for the Physical Security Professional (PSP) designation in November 2019. He previously passed ASIS’s Certified Protection Professional (CPP) exam in 2002, and its Professional Certified Investigator (PCI) exam in 2017, hence achieving the highest levels of professional Board Certification in the security industry.

Several new Security Officers completed their initial orientation and continued their on-the-job training. Two officers were promoted to the rank of Corporal. Training and education continued in the following:

- Security personnel obtained or renewed their American Heart Association’s CPR/AED/First Aid certification.
- Team members continued weekly safety training.
- Team members completed Avigilon software training.
- Security personnel completed approximately 100 quality assurance exercises.
- New supervisors received in-house leadership training.
- Team members attended customer service and diversity training.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violations (Covenants/Rules and Regulations)</td>
<td>174</td>
<td>280</td>
</tr>
<tr>
<td>Total Number of Fines Issued</td>
<td>339</td>
<td>233</td>
</tr>
<tr>
<td>Total Amount of Fines Issued</td>
<td>$18,915</td>
<td>$22,730</td>
</tr>
<tr>
<td>Appeals Cases</td>
<td>3</td>
<td>17</td>
</tr>
</tbody>
</table>
The Landings Company

The Landings Company is the marketing and real estate arm of The Landings Association. Its mission is to maximize 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 referred to us, to purchase property.
2. Generate the cash flows that are the sole source of funding for community marketing.
3. Maintain 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 approximately 35 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 the destination (meaning non-resort) character of our community. The Landings consists of 4,420 privately-owned properties with a combined value of more than $2 billion.

More than 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 intense for the pool of prospective buyers.

Marketing Expenditures

From 2004 to 2007, the Company averaged more than $1.3 million spent annually to market the Landings community. The downturn of the market in 2008 resulted in less cash being generated from real estate operations and, therefore, a decline in the amount spent for marketing. From 2015 to 2019, approximately $1.1 million to $1.4 million has been spent each year.

2019 HIGHLIGHTS

Community Marketing Programs

After suffering the impact of Hurricane Matthew and then Irma, which reduced activity for the fourth quarters of both 2016 and 2017, activity was strong in 2018 and even more so in 2019. There were 511 couples/families participating in Discovery Visits to the island during 2019.

This number of visitors was driven by leads brought to us by our enhanced website, broad digital advertising platform, representation at eight Ideal Living Real Estate Shows, and other media placements with cumulative impressions of more than 12 million. The website and digital advertising are especially cost-effective tools to produce most of our new buyers. Also critical are the referrals of friends and family received from our current Landings homeowners.

All the earnings of the Company, after modest general and administrative expenses, are committed each year to marketing The Landings. While these sales and visits by 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 additional national marketing to bring about the sale of more of our listing inventory each year. The generally accepted rule in residential real estate is that a four-month supply or less means that inventory of homes is “turning” appropriately, thereby promoting better appreciation. Positive gains were made in 2019, as our supply of homes on the market dropped to just over four months for the first time in years.

Note in the Marketing Expenditure graph on the next page that spending returned to seven figures for each of the last seven years due to the success of our real estate operations. However, marketing spending continues to be below our pre-recession peak and well below the spending of communities still owned and promoted by developers. Therefore, it is essential that these funds work at their highest level of efficiency and effectiveness, requiring our dedication towards continuous improvement. And although Discovery Visits were down in relation to the marketing spend, sales on the lesser number increased by more than 30%, confirming the quality of the visitors we are attracting.
Keeping in mind past interruptions by hurricanes Irma and Matthew, 2019’s 323 home sales overall were well ahead of 2018’s 300 homes sold, the 262 sold in 2017, and the 268 homes sold in 2016. Once again, the Company was the dominant real estate firm in successfully selling our community's listings.

2019 Home Closings by Listing Real Estate Firm

<table>
<thead>
<tr>
<th>Listing Real Estate Firm</th>
<th>Home Closings</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Landings Company</td>
<td>23</td>
</tr>
<tr>
<td>Keller Williams</td>
<td>19</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>11</td>
</tr>
<tr>
<td>Coldwell Banker</td>
<td>11</td>
</tr>
<tr>
<td>ReMax</td>
<td>10</td>
</tr>
<tr>
<td>Savannah R.E. Experts</td>
<td>7</td>
</tr>
<tr>
<td>Gelia Dunn Realty</td>
<td>6</td>
</tr>
<tr>
<td>Seabolt Brokers</td>
<td>4</td>
</tr>
<tr>
<td>Seaport Real Estate Group</td>
<td>4</td>
</tr>
<tr>
<td>Austin Hill Realty</td>
<td>3</td>
</tr>
<tr>
<td>McIntosh Realty</td>
<td>3</td>
</tr>
<tr>
<td>Cora Bett Thomas Realty</td>
<td>2</td>
</tr>
<tr>
<td>Considine &amp; Company</td>
<td>2</td>
</tr>
<tr>
<td>Better Homes &amp; Gardens</td>
<td>2</td>
</tr>
<tr>
<td>ERA Southeast Coastal</td>
<td>2</td>
</tr>
<tr>
<td>Lubborow Realty</td>
<td>1</td>
</tr>
<tr>
<td>Engel &amp; Volkers</td>
<td>1</td>
</tr>
<tr>
<td>Robin Lance Prudential</td>
<td>1</td>
</tr>
<tr>
<td>Exclusive Georgia Properties</td>
<td>1</td>
</tr>
<tr>
<td>Savannah List for Less</td>
<td>1</td>
</tr>
<tr>
<td>Click It</td>
<td>1</td>
</tr>
<tr>
<td>Scott Realty Professionals</td>
<td>1</td>
</tr>
<tr>
<td>Jenny Rutherford</td>
<td>1</td>
</tr>
<tr>
<td>Three Oaks Realty</td>
<td>1</td>
</tr>
<tr>
<td>Cowart Realty</td>
<td>1</td>
</tr>
<tr>
<td>TFI Realty</td>
<td>1</td>
</tr>
<tr>
<td>Non MLS Member</td>
<td>1</td>
</tr>
</tbody>
</table>

We sell almost 9 times our nearest competitor with a 63% share of all home listings sold

Note: Data collected from Savannah Multilist Corporation through 12-31-2019
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 crucial 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 2019 with the Club's hiring the same advertising firm assisting the Company, the Wyse Agency.

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 77% of all homes closed during the year. This includes TLCo’s 63% listing share of all homes closed and 68% of those over $500,000 in 2019.

2020 EXPECTATIONS

Real Estate Market Conditions
We expect market conditions in 2020 to be on par with 2019. The positive benefits of our reduced inventory may also hamper sales slightly, as buyers may have a more difficult time finding the home they prefer. Also, slower home sales in a number of our feeder markets such as New York and Connecticut, for example, may hinder our buyer’s ability to relocate as quickly. Based on direct feedback from real estate show participants, cold winters and particularly new tax law changes are motivating those paying high property taxes in their states to consider leaving in large numbers. In addition, the mix of inventory listed, whether it is up-to-date, and the number of homes listed within key price ranges will also be critical to improving sales.

Today's buyer often is 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 2020 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 $1,370,000 in 2020, 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 successes of the last few years. Our website (www.thelandings.com), search engine optimization efforts, social media, and other digital tools are crucial to mounting results and future success.

We will continue participation in eight Ideal Living Shows, increased targeted email marketing, and our digital platform’s programs to take advantage of the nearly 14 million visitors to Savannah, as well as those visiting our key competitor communities and real estate shows.

Persistent and sustained efforts to reach those who are likely to consider a move and lifestyle change, as well as those predisposed to value the amenities of The Landings, will be key to a successful 2020 and beyond.

We encourage and appreciate the many property owner referrals of friends and family who visit and are inclined to fall in love with The Landings.

Early Indicators are Positive
Although admittedly very early, the Company is off to a strong start in 2020, with an increase in January leads of just 1% (566 vs. 560), yet Discovery Visits were up 31% for the month.

Ultimately, 28 homes were closed in January 2020, which is up 40% from January 2019. Those homes had an average a sales price of $531k vs. 2019’s $506k, or +4.9%.

With the pace of Discovery Visit bookings coming in thus far and the hopeful prospects of no hurricane again this year, the good news lies in the likelihood that an uninterrupted 2020 likely will be positive for property sales in The Landings.
The Landings Company

**2020 Board of Directors**
Cliff Frohn, *Chair*
Chip O’Brien, *Treasurer*
Marguerite Baxter, *Secretary*
Seth Goodman, Director
Jim Morgan, Director
Mike Newman, Director
Diane Thompson, Director

**2019 Board of Directors**
Rex Templeton, Jr., *Chair*
Chip O’Brien, *Treasurer*
Marguerite Baxter, *Secretary*
Rich Burke, Director
John Holmquist, Director
Herb McKenzie, Director
Jim Overton, Director
Hank Policinski, Director

**President**
Raoul Rushin

**Vice President of Sales**
Mitch Jacobs

**Director of Operations**
Melba Dasher

**Broker-in-Charge**
Barbara Foster
1. We are the only Real Estate Company that offers a comprehensive National Marketing strategy for The Landings!
   That strategy includes:
   - Targeted Digital Advertising
   - Geofenced Messaging
   - Search Engine Marketing & Optimization
   - Organic & Promoted Social Media Posts
   - National Real Estate & Lifestyle focused Tradeshows
   - Plus a Traditional Local & National Print presence

2. We monitor the analytics from our digital campaigns, allowing us to continually refine and improve our reach and your outcome.

3. Our property listings appear on the Multi-Listing Service (MLS) as well as Realtor.com, Trulia and Zillow, to name just a few.

4. We have a broad, mobile-friendly website that showcases The Landings lifestyle, community news and all of our available properties.

5. And of course, we always tell everyone we meet how much we love The Landings!

THE LANDINGS COMPANY... Your Company.
Put your company to work for you!
One Landings Way, North
Savannah, GA 31411
TheLandings.com  (912) 598-0500
Audited Financial Statements & Other Information
December 31, 2019 and 2018

Photo By Patty Frothingham
February 4, 2020

Dear Fellow Residents,

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, Bromley, Barnhill & Brett, 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 favorable. The decrease in the 2019 assessment revenue is due to presentation under the new FASB revenue recognition standard for reserves that is required in 2019. Without the new accounting standard, assessment revenue for 2019 would remain flat when compared to 2018. Marina revenue increased 5% over 2018, with total revenue in 2019 of $1,746,414.

Operating revenues of the Association and Marinas were less than 2018 actual but more than the 2019 budget. This decrease, coupled with an increase in operating expenses, generated a net excess in expenses before depreciation of $301,315. The Association and Marinas continue to be debt free.

During 2019, the Company’s revenues exceeded expenses by $135,189 before depreciation. Consolidated expenses (Association and Company) of $19,814,403 exceeded consolidated revenues of $18,808,356, including depreciation, resulting in a net decrease in members’ equity of $1,006,047. At December 31, 2019, members’ equity totaled $11,364,684, and deferred reserve assessments totaled $7,344,036 as a result of the new FASB financial statement reporting requirement.

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. On behalf of the Committee, I also extend our appreciation to the staff of the Association for their efforts during 2019.

Diane P. Thompson
2019 Treasurer
INDEPENDENT AUDITOR’S REPORT

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, 2019, 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, 2019, 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.
Change in Accounting Principle
As described in Note 14 to the financial statements, The Landings Association, Inc. and subsidiary have adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers” (Topic 606). Our opinion is not modified with respect to that matter.

Prior Period Financial Statements
We have previously audited The Landings Association, Inc. and subsidiary’s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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 50-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, 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, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
February 4, 2020
# Consolidating Balance Sheets

## The Landings Association, Inc.

### December 31, 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Operating</th>
<th>Reserves</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>1,736,354</td>
<td>3,183,230</td>
<td>4,919,584</td>
<td>738,237</td>
<td>-</td>
<td>5,657,821</td>
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<tr>
<td>Cash held in escrow</td>
<td>210,143</td>
<td>210,143</td>
<td>360,963</td>
<td>571,106</td>
<td>-</td>
<td>6,228,927</td>
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<tr>
<td>Certificates of deposit</td>
<td>4,160,806</td>
<td>4,160,806</td>
<td>4,160,806</td>
<td>4,543,961</td>
<td>-</td>
<td>8,694,767</td>
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<tr>
<td>Other accounts receivable, net</td>
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<td>100,706</td>
<td>-</td>
<td>100,706</td>
<td>90,080</td>
<td>190,786</td>
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<tr>
<td>Inventories</td>
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<td>44,837</td>
<td>44,837</td>
<td>40,548</td>
<td>-</td>
<td>85,385</td>
</tr>
<tr>
<td>Prepaid insurance &amp; other</td>
<td>151,026</td>
<td>151,026</td>
<td>-</td>
<td>151,026</td>
<td>40,548</td>
<td>191,574</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>2,243,066</td>
<td>7,344,036</td>
<td>9,587,102</td>
<td>1,099,200</td>
<td>-</td>
<td>10,686,302</td>
</tr>
<tr>
<td>Property, Plant &amp; Equipment, net</td>
<td>8,407,972</td>
<td>-</td>
<td>8,407,972</td>
<td>593,916</td>
<td>9,001,888</td>
<td>9,355,260</td>
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<tr>
<td>Other Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>-</td>
<td>61,600</td>
<td>61,600</td>
<td>85,100</td>
<td>61,600</td>
<td>85,100</td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td>1,156,020</td>
<td>1,156,020</td>
<td>-</td>
<td>1,156,020</td>
<td>-</td>
<td>1,156,020</td>
</tr>
<tr>
<td>Total Other Assets</td>
<td>1,156,020</td>
<td>-</td>
<td>1,156,020</td>
<td>61,600</td>
<td>-</td>
<td>1,156,020</td>
</tr>
<tr>
<td>Total</td>
<td>11,807,058</td>
<td>7,344,036</td>
<td>19,151,094</td>
<td>1,754,716</td>
<td>-</td>
<td>19,749,790</td>
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</tbody>
</table>

### LIABILITIES AND EQUITY

<table>
<thead>
<tr>
<th>LIABILITIES AND EQUITY</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable &amp; accrued expenses</td>
<td>108,265</td>
<td>-</td>
<td>108,265</td>
<td>5,822</td>
<td>-</td>
<td>114,087</td>
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<tr>
<td>Accrued payroll &amp; taxes withheld</td>
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<td>104,035</td>
<td>225,311</td>
<td>329,346</td>
<td>636,666</td>
<td></td>
</tr>
<tr>
<td>Escrow balances &amp; deposits</td>
<td>210,143</td>
<td>210,143</td>
<td>360,963</td>
<td>571,106</td>
<td>85,100</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>19,931</td>
<td>19,931</td>
<td>19,931</td>
<td>14,943</td>
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<td></td>
</tr>
<tr>
<td>Deferred revenue - reserve assessments</td>
<td>7,344,036</td>
<td>7,344,036</td>
<td>7,344,036</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>-</td>
<td>6,600</td>
<td>6,600</td>
<td>5,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>442,374</td>
<td>7,344,036</td>
<td>7,786,410</td>
<td>598,696</td>
<td>-</td>
<td>8,385,106</td>
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<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>-</td>
<td>100</td>
<td>(100)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>-</td>
<td>1,155,920</td>
<td>1,155,920</td>
<td>1,067,188</td>
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<td></td>
</tr>
<tr>
<td>Members' equity</td>
<td>11,364,684</td>
<td>-</td>
<td>11,364,684</td>
<td>(1,155,920)</td>
<td>17,870,838</td>
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</tr>
<tr>
<td>Total Equity</td>
<td>11,364,684</td>
<td>-</td>
<td>11,364,684</td>
<td>1,155,920</td>
<td>18,938,026</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11,807,058</td>
<td>7,344,036</td>
<td>19,151,094</td>
<td>1,754,716</td>
<td>-</td>
<td>19,749,790</td>
</tr>
</tbody>
</table>

## NOTE
- The accompanying Notes to Financial Statements are an integral part of these financial statements.
- Allowance for doubtful accounts was approximately $116,500 and $13,500 as of December 31, 2019 and 2018, respectively.
- Common Stock $1 par, 10,000 shares authorized, 100 shares issued and outstanding.
### Consolidating Statements of Revenues and Expenses and Changes in Members’ Equity

#### Year ended December 31, 2019

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Operating</th>
<th>Reserves</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessments</td>
<td>$ 5,154,815</td>
<td>$ 2,246,539</td>
<td>$ 7,401,354</td>
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<td>$ 7,401,354</td>
</tr>
<tr>
<td>Marina</td>
<td>1,746,414</td>
<td>-</td>
<td>1,746,414</td>
<td></td>
<td>1,746,414</td>
</tr>
<tr>
<td>Commissions</td>
<td>-</td>
<td>$ 6,107,830</td>
<td></td>
<td></td>
<td>6,107,830</td>
</tr>
<tr>
<td>Vehicle registration</td>
<td>777,203</td>
<td>777,203</td>
<td></td>
<td></td>
<td>777,203</td>
</tr>
<tr>
<td>Service agreements</td>
<td>249,459</td>
<td>249,459</td>
<td></td>
<td>(16,142)</td>
<td>233,317</td>
</tr>
<tr>
<td>Architectural review fees</td>
<td>127,715</td>
<td>127,715</td>
<td></td>
<td></td>
<td>127,715</td>
</tr>
<tr>
<td>Interest earned</td>
<td>29,025</td>
<td>138,814</td>
<td></td>
<td></td>
<td>167,839</td>
</tr>
<tr>
<td>Rental fees</td>
<td>-</td>
<td>1,625,422</td>
<td></td>
<td></td>
<td>1,625,422</td>
</tr>
<tr>
<td>Telecommunications lease</td>
<td>103,743</td>
<td>103,743</td>
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<td></td>
<td>103,743</td>
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<tr>
<td>Other</td>
<td>508,181</td>
<td>-</td>
<td>508,181</td>
<td></td>
<td>517,519</td>
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<tr>
<td><strong>Total</strong></td>
<td>8,696,555</td>
<td>2,385,353</td>
<td>11,081,908</td>
<td>(16,142)</td>
<td>18,808,356</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community services</td>
<td>1,698,826</td>
<td></td>
<td>1,698,826</td>
<td></td>
<td>1,698,826</td>
</tr>
<tr>
<td>Public works</td>
<td>3,801,826</td>
<td>1,814,396</td>
<td>5,616,222</td>
<td></td>
<td>5,616,226</td>
</tr>
<tr>
<td>Marina</td>
<td>1,468,268</td>
<td></td>
<td>1,468,268</td>
<td></td>
<td>1,468,268</td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>2,595,485</td>
<td>2,595,485</td>
<td>910,219</td>
<td>(16,142)</td>
<td>3,489,562</td>
</tr>
<tr>
<td>Commissions</td>
<td>-</td>
<td>3,663,888</td>
<td></td>
<td></td>
<td>3,663,888</td>
</tr>
<tr>
<td>Costs related to rentals</td>
<td>-</td>
<td>1,594,652</td>
<td></td>
<td></td>
<td>1,594,652</td>
</tr>
<tr>
<td>Sales &amp; marketing</td>
<td>-</td>
<td>1,413,742</td>
<td></td>
<td></td>
<td>1,413,742</td>
</tr>
<tr>
<td>Income tax expense</td>
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<td>4,422</td>
<td>24,900</td>
<td></td>
<td>29,322</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,568,827</td>
<td>1,814,396</td>
<td>11,383,223</td>
<td>(16,142)</td>
<td>18,974,482</td>
</tr>
<tr>
<td>Excess (expenses) revenues</td>
<td>(872,272)</td>
<td>570,957</td>
<td>(301,315)</td>
<td>135,189</td>
<td>(166,126)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>793,464</td>
<td>793,464</td>
<td>46,457</td>
<td></td>
<td>839,921</td>
</tr>
<tr>
<td><strong>Net (expenses) revenues</strong></td>
<td>(1,665,736)</td>
<td>570,957</td>
<td>(1,094,779)</td>
<td>88,732</td>
<td>(1,006,047)</td>
</tr>
<tr>
<td>Equity in income of subsidiary</td>
<td>88,732</td>
<td>88,732</td>
<td>(88,732)</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Equity, January 1</strong></td>
<td>(1,577,004)</td>
<td>570,957</td>
<td>(1,006,047)</td>
<td>88,732</td>
<td>(1,006,047)</td>
</tr>
<tr>
<td>Adjustment</td>
<td>(6,567,295)</td>
<td>(6,567,295)</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>570,957</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Equity, December 31</strong></td>
<td>$ 11,364,684</td>
<td></td>
<td>$ 1,156,020</td>
<td>(1,156,020)</td>
<td>$ 11,364,684</td>
</tr>
</tbody>
</table>

#### December 31, 2018

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Operating</th>
<th>Reserves</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessments</td>
<td>$ 8,173,300</td>
<td></td>
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<td></td>
<td>8,173,300</td>
</tr>
<tr>
<td>Marina</td>
<td>1,663,317</td>
<td></td>
<td></td>
<td></td>
<td>1,663,317</td>
</tr>
<tr>
<td>Commissions</td>
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<td></td>
<td></td>
<td></td>
<td>5,580,724</td>
</tr>
<tr>
<td>Vehicle registration</td>
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<td></td>
<td></td>
<td>796,926</td>
</tr>
<tr>
<td>Service agreements</td>
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<td></td>
<td>237,289</td>
</tr>
<tr>
<td>Architectural review fees</td>
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<td></td>
<td></td>
<td>102,899</td>
</tr>
<tr>
<td>Interest earned</td>
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<td></td>
<td></td>
<td>59,797</td>
</tr>
<tr>
<td>Rental fees</td>
<td>1,640,797</td>
<td></td>
<td></td>
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<td>1,640,797</td>
</tr>
<tr>
<td>Telecommunications lease</td>
<td>113,429</td>
<td></td>
<td></td>
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<td>113,429</td>
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<tr>
<td>Other</td>
<td>593,419</td>
<td></td>
<td></td>
<td></td>
<td>593,419</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,961,897</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community services</td>
<td>1,723,695</td>
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<td></td>
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<td>1,723,695</td>
</tr>
<tr>
<td>Public works</td>
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<td></td>
<td>4,481,877</td>
</tr>
<tr>
<td>Marina</td>
<td>1,466,710</td>
<td></td>
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<td></td>
<td>1,466,710</td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>3,238,139</td>
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<td></td>
<td></td>
<td>3,238,139</td>
</tr>
<tr>
<td>Commissions</td>
<td>3,355,296</td>
<td></td>
<td></td>
<td></td>
<td>3,355,296</td>
</tr>
<tr>
<td>Costs related to rentals</td>
<td>1,602,440</td>
<td></td>
<td></td>
<td></td>
<td>1,602,440</td>
</tr>
<tr>
<td>Sales &amp; marketing</td>
<td>1,361,790</td>
<td></td>
<td></td>
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<tr>
<td>Income tax expense</td>
<td>2,079</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>17,232,026</td>
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<td></td>
</tr>
<tr>
<td>Excess (expenses) revenues</td>
<td>(1,004,059)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>725,812</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net (expenses) revenues</strong></td>
<td>1,004,059</td>
<td></td>
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</tr>
<tr>
<td>Equity in income of subsidiary</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Equity, January 1</strong></td>
<td>-</td>
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</tr>
<tr>
<td>Adjustment</td>
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<td>Transfers</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Equity, December 31</strong></td>
<td>$ 18,938,026</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

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

## Year ended December 31, 2019

### The Landings Association, Inc.

<table>
<thead>
<tr>
<th>Operating</th>
<th>Reserves Funds</th>
<th>Total</th>
<th>The Landings Company</th>
<th>Eliminations</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1,577,004)</td>
<td>$ 570,957</td>
<td>$(1,006,047)</td>
<td>88,732</td>
<td>$(88,732)</td>
<td>$(1,006,047)</td>
<td>$ 1,004,059</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM OPERATING ACTIVITIES

#### Net (expenses) revenues

| (1,577,004) | $ 570,957 | $(1,006,047) | 88,732 | $(88,732) | $(1,006,047) | $ 1,004,059 |

**Adjustments to reconcile net (expenses) revenues to net cash (used for) provided by operating activities:**

| Equity in income of subsidiary | (88,732) | (88,732) | 88,732 | - | - |
| Depreciation | 793,464 | 793,464 | 46,457 | 839,921 | 725,812 |
| Gain on disposal of assets | (19,717) | (19,717) | - | (19,717) | - |
| Bad debt expense | 109,435 | 109,435 | 109,435 | 7,582 |
| Interest earned on certificates of deposit | (114,845) | (114,845) | (114,845) | 51,186 |
| Decrease (increase) in cash held in escrow | 94,740 | 94,740 | (28,984) | 65,756 | (1,021) |
| (Increase) decrease in other receivables | 126,028 | 126,028 | 5,967 | (120,061) | 321,252 |
| Increase in inventories | 4,289 | (4,289) | 4,289 | 10,840 |
| Change in deferred tax items | - | 24,900 | 24,900 | (2,500) |
| Decrease (increase) in prepaid expenses | 8,736 | 8,736 | 50,908 | 59,644 | (45,724) |
| (Decrease) increase in accounts payable & accrued expenses | (29,452) | (29,452) | 4,857 | (24,595) | 33,048 |
| (Decrease) increase in escrow balances & deposits | (94,740) | (94,740) | 28,984 | (65,756) | 1,021 |
| Increase (decrease) in accrued payroll & taxes withheld | 17,111 | 17,111 | (45,379) | (28,268) | 82,901 |
| Increase in deferred revenues | 4,988 | 4,988 | - | 4,988 | 11,893 |
| Increase in deferred revenue - reserve assessments | 776,741 | 776,741 | - | 776,741 |
| Transfers from (to) other funds | 570,957 | (570,957) | - | - |

**Net cash (used for) provided by operating activities**

| (340,531) | 661,896 | 321,365 | 176,442 | - | 497,807 | 2,076,297 |

### CASH FLOWS FROM INVESTING ACTIVITIES

| Capital expenditures | (38,621) | (328,111) | (366,732) | (136,014) | (502,746) | (1,137,064) |
| Proceeds from capital asset disposals | 35,914 | 35,914 | 35,914 | - |
| Capital asset transfers | (538,760) | 538,760 | - | - |
| Proceeds from sale of certificates of deposit | 2,241,000 | 2,241,000 | 2,241,000 | - |
| Purchase of certificates of deposit | (1,743,000) | (1,743,000) | (1,743,000) | (2,988,000) |

**Net cash (used for) provided by investing activities**

| (541,467) | 708,649 | 167,182 | (136,014) | - | 31,168 | (4,125,064) |

### 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.
Notes to 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 composed 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 Reserves 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 - Association members are subject to an annual assessment to provide funds for the Association’s operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association’s performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the reserve fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable is stated as the amount expected to be collected from outstanding assessments from property owners. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association’s control.

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 2019 and in 2018 was $1,850, 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 (totaling $1,768,000, which was billed in 2017 and payable over 2017 and 2018), relating to Tropical Storm Hermine and Hurricane Matthew recovery efforts and replenishment of the Capital Reserves Fund.
Notes to Financial Statements

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>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise and other</td>
<td>$13,121</td>
<td>$16,633</td>
</tr>
<tr>
<td>Gasoline and diesel</td>
<td>$31,716</td>
<td>$23,915</td>
</tr>
<tr>
<td></td>
<td>$44,837</td>
<td>$40,548</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
- Storm drains, in miles: 80
- 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, 2019 and 2018, the amounts expensed by the Association for depreciation were $793,464 and $688,598, respectively. For the years ended December 31, 2019 and 2018, amounts expensed by the Company for depreciation were $46,457 and $37,214, respectively.

Property, Plant, and Equipment consists of the following at December 31, 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>Association</th>
<th>Company</th>
<th>2019</th>
<th>Association</th>
<th>Company</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>$4,469,565</td>
<td>-</td>
<td>$4,469,565</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings &amp; docks</td>
<td>6,477,399</td>
<td>861,614</td>
<td>6,477,399</td>
<td>754,138</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>5,682,622</td>
<td>150,427</td>
<td>5,197,142</td>
<td>189,614</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; computers</td>
<td>701,110</td>
<td>304,909</td>
<td>699,564</td>
<td>304,909</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicles</td>
<td>1,044,133</td>
<td>-</td>
<td>977,580</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>-</td>
<td>39,397</td>
<td>210,649</td>
<td>22,427</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>18,374,829</td>
<td>1,356,347</td>
<td>18,031,899</td>
<td>1,271,088</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less accumulated</td>
<td>(9,966,857)</td>
<td>(837,431)</td>
<td>(9,180,998)</td>
<td>(841,729)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>-</td>
<td>75,000</td>
<td>-</td>
<td>75,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 8,407,972</td>
<td>$ 593,916</td>
<td>$ 8,850,901</td>
<td>$ 504,359</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes to Financial Statements

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.

Subsequent Events - The Association and the Company have evaluated subsequent events through February 4, 2020, 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. At December 31, 2019, the Association’s cash balances did not exceed federally-insured limits. At December 31, 2019, the Company’s cash balances exceeded federally-insured limits by $475,000. This uninsured amount represents demand deposit and money market fund accounts. The Company has not experienced any losses of such funds, and management believes the Company is 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:

- **Level 1**: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities
- **Level 2**: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly
- **Level 3**: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The following table sets forth by level, within the fair value hierarchy, the investment assets at fair value as of December 31, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Certificates of deposits</td>
<td>$4,160,806</td>
<td>-</td>
</tr>
<tr>
<td>Total investment assets at fair value</td>
<td>$4,160,806</td>
<td>-</td>
</tr>
</tbody>
</table>
Note 5 - Assessments Receivable
Past due assessments of $6,380 and $24,640 were written off at the end of 2019 and 2018, respectively. Past due owners have been suspended.

Note 6 - Capital Reserves Fund
Future 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.

The Association includes normal, recurring repair and maintenance of common properties in annual operating budgets. The Association also sets aside in a separate repair and replacement Capital Reserves 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 Reserves Fund -
Storm Drain and Flood Water Control and Selected Assets Components - In 2018, staff contracted Southeastern Pipe to conduct a camera study of all piping located along the marsh outfall areas. In 2019, staff focused heavily on repairing and replacing storm drain pipes as recommended by the contractor, which was funded through the Capital Reserves Fund.

Equipment Components - Components with replacement costs more than $1,000 are included. Such equipment includes telecommunications system, video monitoring system, vacuum jetter truck, backhoe, front-end loader, street sweepers, automatic gates at entrances, and forklifts.

Road and Trail Resurfacing Components - In 2019, an engineering firm was contracted to evaluate the estimated repairs and useful remaining lives of the road and trail system assets. Updated lifespans and costs were incorporated into the Capital Asset Management Plan (“CAMP”).

Note 7 - Retirement Plan
The Association and the Company each maintain a 401(k) retirement plan for eligible employees who are age 18 or older. Employees may contribute annually up to $19,000 and $18,500 during the years ended December 31, 2019 and 2018, respectively. 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, 2019 and 2018, the Association’s contributions amounted to $299,507 and $292,030, respectively, into the 401(k) plan. Contributions for the Company amounted to $37,116 and $29,296 for the years ended December 31, 2019 and 2018, 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 2016. 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 unrecognized 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, 2019 and 2018.

Association - The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the years ended December 31, 2019 and 2018. 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 is subject to the December
2017 Tax Cut and Jobs Act flat corporate tax rate of 21%.

For federal income tax purposes, a net operating loss (NOL) of approximately $663,000 will be carried forward to offset taxable
income of the Association in future years and will begin to expire in 2029. This NOL includes $6,000 and $656,000 related to
2019 and prior years, respectively. For state income tax purposes, an NOL of approximately $965,000 will be carried forward
to offset taxable income in future years. This NOL includes $6,000 related to 2019, and $959,000 related to prior years. This
NOL will begin to expire in 2028. A corresponding deferred tax asset of $197,000 has been recorded for the potential NOL
carryforward benefit, and a valuation allowance has been established for the full amount, as shown below:

Long-term deferred tax asset:
Federal NOL deferred asset $ 139,000
State NOL deferred asset 58,000
197,000

Less valuation allowance for NOL assets (197,000)
-$

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, 2019, 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, 2019 are as follows:

Long-term deferred tax asset:
Federal NOL deferred asset $ 51,000
State NOL deferred asset 39,000
Depreciation difference (28,400)
$ 61,600

Current deferred tax liability:
Depreciation difference $ 6,600

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

Current tax expense $ 8,400
Deferred tax expense 16,500
$ 24,900
For federal income tax purposes, a net operating loss (NOL) of approximately $244,000 will be carried forward to offset taxable income in future years and will begin to expire in 2037. This NOL balance reflects current year taxable income of approximately $36,000 and an NOL of approximately $280,000 related to prior years. For state income tax purposes, a net operating loss (NOL) of approximately $646,000 will be carried forward to offset taxable income in future years. This NOL balance reflects current year taxable income of approximately $12,000 and an NOL of approximately $658,000 related to prior years. This NOL will begin to expire in 2029. A deferred tax asset of $90,000 has been recorded related to federal and state NOLs, and an allowance was not deemed necessary by management as of December 31, 2019.

Note 9 - Legal Matters
During the normal course of business, the Association and the Company occasionally will be involved in lawsuits related to the collection of assessments from homeowners and other matters. As of December 31, 2019, the Association and the Company do not believe there are significant legal contingencies related to these proceedings, and no provision for these matters has been made in the accompanying financial statements.

Note 10 - Line of Credit
In May 2017, the Association entered into a secured $5,000,000 line of credit agreement with Ameris Bank, bearing interest at 1.25% over the one-month LIBOR rate. This agreement was renewed in May 2019 and will mature May 31, 2021. The Association anticipates renewing upon maturity. At December 31, 2019 and 2018, no balance was outstanding under this agreement. Interest expense was $0 for each of the years ended December 31, 2019 and 2018.

Note 11 - Related Party Transactions
In 2015, 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 $226,930 and $228,090 in 2019 and 2018, respectively. In 2018, the Association entered into new, one-year contracts for 2019 with the Club for the services described above in the total amount of $226,930. In 2019, the Association entered into new, one-year contracts for 2020 with the Club for the services described above in the total amount $229,255.

The Company paid $16,194 and $15,067 to the Club toward joint marketing efforts and lawn care during the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, $0 was payable to the Club for these services. The Club paid $31,935 and $87,210, respectively, to the Company for marketing consulting services during the years ended December 31, 2019 and 2018. As of December 31, 2019 and 2018, $0 and $5,967, respectively, was receivable from the Club for these services.

Note 12 - Commitments
The Company leases office equipment under non-cancelable operating leases expiring in various years through 2023. The Company incurred rental expense relating to operating leases of $13,268 and $8,851 for the years ended December 31, 2019 and 2018, respectively.

Minimum annual lease payments are as follows:

<table>
<thead>
<tr>
<th>For the year ending December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$7,112</td>
</tr>
<tr>
<td>2021</td>
<td>2,702</td>
</tr>
<tr>
<td>2022</td>
<td>1,820</td>
</tr>
<tr>
<td>2023</td>
<td>1,365</td>
</tr>
<tr>
<td>Thereafter</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$12,999</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 payment due under this agreement for the year ended December 31, 2018 was $1,064,429. In 2019, the Association entered into a new, three-year contract with BrightView that expires in 2022 and has annual payments due of $1,064,424.

**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 have been offset by the receipt of insurance proceeds of $250,000 in 2016, for an incurred net expense of $1,530,392. In the year ended December 31, 2018, the Association received additional insurance proceeds of $866,937.

The Association also suffered business interruption due to the storms. As a result, the Association was awarded insurance claims of $0 and $80,038 during the years ended December 31, 2019 and 2018, respectively, for business interruption insurance claims, which is reported with other revenues in the consolidating statement of revenues and expenses and changes in members’ equity.

As discussed in Note 2, in 2016, owners approved a one-time Community Recovery Special Assessment in the amount of $400 per lot (totaling $1,768,000, which was billed in 2017 and payable over 2017 and 2018), relating to Tropical Storm Hermine and Hurricane Matthew recovery efforts and replenishment of the Capital Reserves Fund.

**Note 14 - FASB ASC 606 New Accounting Guidance Implementation**

FASB issued ASC 2014-09, “Revenue from Contracts with Customers” (Topic 606) which supersedes the revenue recognition requirements in FASB ASC 972-605, “Real Estate – Common Interest Realty Associations, Revenue Recognition,” and requires revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Association and Company expect to be entitled in exchange for those goods or services. Topic 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope.

The Association and the Company adopted Topic 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under Topic 606, while prior period amounts continue to be reported in accordance with legacy U.S. GAAP.

The adoption of Topic 606 did not result in a change to the accounting for any of the in-scope revenue streams for the Company; as such, no cumulative effect adjustment was recorded.

For the Association, the adoption of the new guidance resulted in changes to the accounting policies for assessment revenue and deferred revenue (assessments received in advance - reserve fund).

The adoption of the new revenue recognition guidance resulted in the following change to reserve equity fund balance as of January 1, 2019:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves equity balance, as previously reported, at January 1, 2019</td>
<td>$6,567,295</td>
</tr>
<tr>
<td>Adjustment</td>
<td>(6,567,295)</td>
</tr>
<tr>
<td>Reserves equity balance, as adjusted, at January 1, 2019</td>
<td>$-</td>
</tr>
</tbody>
</table>

The effect of the adoption is a decrease in 2019 assessments revenue by $776,741 and a recording of deferred revenue at December 31, 2019 of $7,344,036. The Association has no customer contract modifications that had an effect on the Association’s transition to the new guidance.
The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2019 financial statements. The following are the balance sheet line items as of December 31, 2019 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>Amounts That Would Have Been Reported</th>
<th>Effects of Applying New Guidance</th>
<th>As Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue - reserve assessments</td>
<td>$ -</td>
<td>$ 7,344,036</td>
<td>$ 7,344,036</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>1,041,070</td>
<td>7,344,036</td>
<td>8,385,106</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity</th>
<th>Amounts That Would Have Been Reported</th>
<th>Effects of Applying New Guidance</th>
<th>As Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ equity</td>
<td>$ 17,552,800</td>
<td>$ (7,344,036)</td>
<td>$ 10,208,764</td>
</tr>
</tbody>
</table>

The following are the line items from the statement of revenues, expenses, and changes in members’ equity and the statement of cash flows for the year ended December 31, 2019 that were affected by the new guidance, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Amounts That Would Have Been Reported</th>
<th>Effects of Applying New Guidance</th>
<th>As Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>$ 8,178,095</td>
<td>$ (776,741)</td>
<td>$ 7,401,354</td>
</tr>
<tr>
<td>Net (expenses) revenues</td>
<td>(229,306)</td>
<td>(776,741)</td>
<td>(1,006,047)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows:</th>
<th>Amounts That Would Have Been Reported</th>
<th>Effects of Applying New Guidance</th>
<th>As Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (expenses) revenues</td>
<td>(229,306)</td>
<td>(776,741)</td>
<td>(1,006,047)</td>
</tr>
<tr>
<td>Increase in deferred revenue - reserve assessment</td>
<td>-</td>
<td>776,741</td>
<td>776,741</td>
</tr>
</tbody>
</table>
Supplementary Information on Repairs & Replacements

As described in Note 6, the Association conducts periodic evaluations of the components in the Capital Reserves Fund. Engineering firms help 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.

Other common property and major equipment components are reviewed annually by the Public Works Committee, the Association’s Reserve Subcommittee and staff, as well as external firms when necessary. In September 2019, the Association engaged with an external firm, Community Advisors, to perform a Level I Reserve Study. This study was completed by a Professional Reserve Analyst (PRA) in early 2020. This study provided a complete and accurate analysis so the Association can forecast major component replacement cycles and costs, ensuring funds are available when necessary.

The following information is based on the analysis from the Professional Reserve Analyst and presents significant information about the components of the Association’s common property. Amounts are adjusted annually as necessary. Unlike in previous reports, this updated list, based on the 2020 Reserve Study, does not include the cost of full replacement of the storm drain system. Rather, it includes a storm drain repair allowance.
### Supplementary Information

<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>Association Capital - Access Control</td>
<td>3</td>
<td>$8,000</td>
</tr>
<tr>
<td>Association Capital - Site Cameras</td>
<td>2 to 5</td>
<td>153,010</td>
</tr>
<tr>
<td>Association Capital - Computers</td>
<td>1 to 6</td>
<td>199,347</td>
</tr>
<tr>
<td>Association Capital - Radios</td>
<td>1 to 12</td>
<td>42,600</td>
</tr>
<tr>
<td>Association Capital - Misc. Equipment</td>
<td>1 to 5</td>
<td>181,345</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Misc.</td>
<td>2</td>
<td>201,070</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Street/Parking Lots</td>
<td>5 to 22</td>
<td>269,104</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Bridges</td>
<td>2 to 45</td>
<td>4,773,800</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Access Control</td>
<td>4 to 14</td>
<td>428,400</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Fencing</td>
<td>2 to 17</td>
<td>142,200</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Wells and Irrigation</td>
<td>1 to 18</td>
<td>350,600</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Site Lighting</td>
<td>12 to 17</td>
<td>43,400</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Signage</td>
<td>2 to 14</td>
<td>240,100</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Playground/Sports Field</td>
<td>2 to 17</td>
<td>200,505</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Building and Components</td>
<td>2 to 24</td>
<td>1,040,346</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Generators</td>
<td>6 to 16</td>
<td>185,500</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Vehicles/Heavy Equipment</td>
<td>1 to 6</td>
<td>1,947,256</td>
</tr>
<tr>
<td>Bridges/Structures/Equipment - Delegal Marina</td>
<td>4 to 26</td>
<td>1,279,000</td>
</tr>
<tr>
<td>Lagoons and Structures</td>
<td>4 to 39</td>
<td>2,507,894</td>
</tr>
<tr>
<td>Marina Capital - Building Components</td>
<td>3 to 17</td>
<td>386,928</td>
</tr>
<tr>
<td>Marina Capital - Dredging Equipment</td>
<td>4</td>
<td>27,500</td>
</tr>
<tr>
<td>Marina Capital - Pier/Docks LH</td>
<td>3 to 62</td>
<td>3,518,620</td>
</tr>
<tr>
<td>Marina Capital - Pier/Docks DCM</td>
<td>6 to 36</td>
<td>2,662,498</td>
</tr>
<tr>
<td>Marina Capital - Fuel Systems</td>
<td>1 to 49</td>
<td>327,000</td>
</tr>
<tr>
<td>Marina Capital - Racks</td>
<td>1 to 21</td>
<td>3,724,143</td>
</tr>
<tr>
<td>Marina Capital - Electrical</td>
<td>7 to 26</td>
<td>182,500</td>
</tr>
<tr>
<td>Marina Capital - Vessels</td>
<td>4</td>
<td>21,000</td>
</tr>
<tr>
<td>Marina Capital - Heavy Equipment</td>
<td>4 to 7</td>
<td>477,000</td>
</tr>
<tr>
<td>Community Paths</td>
<td>3</td>
<td>1,012,783</td>
</tr>
<tr>
<td>Roads</td>
<td>1 to 29</td>
<td>19,176,783</td>
</tr>
<tr>
<td>Storm Drain Repair</td>
<td>1 to 7</td>
<td>2,175,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$47,885,232</strong></td>
</tr>
</tbody>
</table>