

Ocean Pines Association, Inc.

AUDITED FINANCIAL STATEMENTS

For the year ended April 30, 2025

Ocean Pines Association, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Ocean Pines Association, Inc.

Opinion

We have audited the accompanying financial statements of Ocean Pines Association, Inc., which comprise the balance sheets as of April 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ocean Pines Association, Inc. as of April 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ocean Pines Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ocean Pines Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ocean Pines Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ocean Pines Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of revenues and expenses and changes in contract liabilities (assessments received in advance – reserve fund), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future repairs and replacements, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive, with the "U" and "H" being particularly prominent.

UHY LLP
Salisbury, Maryland
July 31, 2025

FINANCIAL STATEMENTS

Ocean Pines Association, Inc.**BALANCE SHEETS**

As of April 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 8,937,964	\$ 8,232,238
Certificates of deposit in other financial institutions	8,802,055	10,512,537
Accounts receivable:		
Property owners' assessments, net	2,719,993	2,520,577
Other, net	254,436	186,636
Inventories	359,483	418,414
Prepaid expenses	303,223	224,516
Total current assets	<u>21,377,154</u>	<u>22,094,918</u>
PROPERTY AND EQUIPMENT		
Land	4,579,367	4,579,367
Land improvements	15,895,487	13,873,317
Buildings and building improvements	18,386,891	17,766,045
Furniture and equipment	11,282,588	10,733,578
Roads	9,915,444	9,850,711
Construction in progress	31,390	195,345
	<u>60,091,167</u>	<u>56,998,363</u>
Less: accumulated depreciation	<u>(33,621,260)</u>	<u>(32,132,492)</u>
	<u>26,469,907</u>	<u>24,865,871</u>
Total assets	<u>\$ 47,847,061</u>	<u>\$ 46,960,789</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,647,768	\$ 1,928,221
Refundable deposits	275,395	234,390
Contract liability (assessments received in advance - reserve fund)	6,024,723	7,105,141
Deferred income:		
Property owners' assessments	8,447,165	8,197,628
Club membership dues and other	1,322,269	1,160,435
Casino funds	583,580	569,282
Total current liabilities	<u>18,300,900</u>	<u>19,195,097</u>
COMMITMENTS AND CONTINGENCIES		
FUND BALANCES		
Operating surplus	3,076,254	2,899,821
Investment in fixed assets	26,469,907	24,865,871
Total fund balances	<u>29,546,161</u>	<u>27,765,692</u>
Total liabilities and fund balances	<u>\$ 47,847,061</u>	<u>\$ 46,960,789</u>

Ocean Pines Association, Inc.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
For the Year Ended April 30, 2025
With Summarized Financial Information for 2024

	Operating Fund	Reserve Funds	Investment in Fixed Assets	Totals 2025	2024
REVENUES					
Assessments	\$ 5,462,887	\$ 3,779,420	\$ -	\$ 9,242,307	\$ 8,024,521
Membership dues	752,730	-	-	752,730	652,417
Program registration	469,308	-	-	469,308	294,269
Architectural review fees	204,737	-	-	204,737	180,621
Golf course fees	1,484,673	-	-	1,484,673	1,432,134
Passes, coupons and guest fees	458,036	-	-	458,036	560,081
Food and beverage sales	4,337,356	-	-	4,337,356	4,614,517
County road taxes	150,000	-	-	150,000	85,000
Slip rental and fuel sales	1,224,954	-	-	1,224,954	1,202,096
Parking	608,630	-	-	608,630	576,154
Interest income	20,360	684,319	-	704,679	609,480
Casino funds released from restrictions	450,000	-	-	450,000	450,000
Other	1,949,618	-	-	1,949,618	1,865,265
Total revenues	17,573,289	4,463,739	-	22,037,028	20,546,555
Cost of sales	2,256,386	-	-	2,256,386	2,392,710
Net revenues	15,316,903	4,463,739	-	19,780,642	18,153,845
EXPENSES					
Salaries, wages and payroll costs	8,405,945	115,277	-	8,521,222	8,062,465
Services and supplies	3,038,830	12,721	-	3,051,551	2,995,509
Repairs and maintenance	782,860	1,105,998	-	1,888,858	2,117,561
Utilities	686,203	5,833	-	692,036	716,095
Depreciation expense	2,043,262	-	-	2,043,262	2,064,020
Other expenses	1,810,797	-	-	1,810,797	1,684,177
Total expenses	16,767,897	1,239,829	-	18,007,726	17,639,827
(Deficiency) excess of revenues over expenses before other changes	(1,450,994)	3,223,910	-	1,772,916	514,018
OPERATING TRANSFERS AND OTHER CHANGES IN FUND BALANCES					
Current year fixed asset additions	-	(3,673,910)	3,673,910	-	-
Depreciation expense	2,043,262	-	(2,043,262)	-	-
Gain (loss) on disposal of fixed assets	-	-	7,553	7,553	(74,001)
Proceeds from sale of property and equipment	34,165	-	(34,165)	-	-
Transfer of Casino funds	(450,000)	450,000	-	-	-
	1,627,427	(3,223,910)	1,604,036	7,553	(74,001)
Excess of revenues over expenses	176,433	-	1,604,036	1,780,469	440,017
Fund balances, beginning of year	2,899,821	-	24,865,871	27,765,692	27,325,675
Fund Balances, end of year	\$ 3,076,254	\$ -	\$ 26,469,907	\$ 29,546,161	\$ 27,765,692

Ocean Pines Association, Inc.
STATEMENTS OF CASH FLOWS
For the Year Ended April 30, 2025
With Summarized Financial Information for 2024

	Operating Fund	Reserve Funds	Investment in Fixed Assets	Totals	
				2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess of revenues over expenses	\$ 176,433	\$ -	\$ 1,604,036	\$ 1,780,469	\$ 440,017
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:					
Depreciation expense	2,043,262	-	-	2,043,262	2,064,020
Provision for credit losses (recoveries)	(7,000)	-	-	(7,000)	(55,833)
(Gain) loss on disposal of property and equipment	-	-	(7,553)	(7,553)	74,001
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(260,216)	-	-	(260,216)	228,696
Decrease (increase) in inventories	58,931	-	-	58,931	(30,080)
Increase in prepaid expenses	(78,707)	-	-	(78,707)	(48,945)
(Decrease) increase in accounts payable and accrued expenses	(280,453)	-	-	(280,453)	362,149
Increase in refundable deposits	41,005	-	-	41,005	31,135
(Decrease) increase in contract liability	-	(1,080,418)	-	(1,080,418)	414,030
Increase (decrease) in deferred income	425,669	-	-	425,669	(172,493)
Net cash provided by operating activities	<u>2,118,924</u>	<u>(1,080,418)</u>	<u>1,596,483</u>	<u>2,634,989</u>	<u>3,306,697</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property and equipment	-	-	(3,673,910)	(3,673,910)	(2,263,929)
Proceeds from sale of property and equipment	-	-	34,165	34,165	-
Proceeds (purchases) of certificate of deposit	1,710,482	-	-	1,710,482	(1,356,206)
Net cash used in investing activities	<u>1,710,482</u>	<u>-</u>	<u>(3,639,745)</u>	<u>(1,929,263)</u>	<u>(3,620,135)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Interfund transfers	(3,123,680)	1,080,418	2,043,262	-	-
Net cash (used in) provided by financing activities	<u>(3,123,680)</u>	<u>1,080,418</u>	<u>2,043,262</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	705,726	-	-	705,726	(313,438)
Cash, beginning of fiscal year	<u>8,232,238</u>	<u>-</u>	<u>-</u>	<u>8,232,238</u>	<u>8,545,676</u>
Cash, end of fiscal year	<u>\$ 8,937,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,937,964</u>	<u>\$ 8,232,238</u>

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2025 and 2024

Note 1. The Association and Its Significant Accounting Policies

Ocean Pines Association, Inc. (the "Association") is a not-for-profit homeowners' association incorporated in 1968 and located in Worcester County, Maryland. The Association is governed by a board of directors and is responsible for providing the following services to its members: administrative and finance, clubs, architectural control, public safety, public works, and recreation. The Association consists of 8,500 billable residential lots located on approximately 3,500 acres in Ocean Pines, Maryland.

Significant accounting policies not disclosed elsewhere in the financial statements are as follows:

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

The Association uses fund accounting, which requires that funds, such as operating funds and funds used for major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from these funds are at the discretion of the Board of Directors.

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Reserve Funds – These funds are established by the Association's By-laws and/or Board of Directors for the purpose of accounting for specific projects or areas maintained by the Association.

Investment in Fixed Assets – This account represents the cumulative activity within property and equipment which includes additions, disposals, and associated depreciation expense.

Member Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, 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 is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the reserve assessments are satisfied when these funds are expended for their designated purpose. Golf fees and cart rentals, pro shop, and food and beverage sales are recognized as revenue at point of sale. Member dues, parking, program registration, and marina slip rentals are recognized as revenue in the applicable membership period.

Assessments receivable at the balance sheet date represent fees due from lot owners. Included in accounts receivable are receivables which were more than 90 days past due of approximately **\$660,000** and \$672,000 at April 30, 2025 and 2024, respectively. These receivables include member assessments, which are billed annually on May 1, and related interest and other charges. Past due member assessments, in accordance with Association policy, have liens placed against the property.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2025 and 2024

Note 1. The Association and Its Significant Accounting Policies (Continued)

Allowance for Credit Losses and Bad Debts

The Association uses the current expected credit loss (CECL) model to account for uncollectible receivables. The reserve for doubtful accounts is the best estimate of the amount of probable credit losses in the existing accounts receivable and is determined based on lifetime expected credit losses and the aging of account balances. Management’s periodic evaluation of the adequacy of the reserve is based on historical write-offs combined with an evaluation of current conditions and reasonable and supportable forecasts including inactive accounts with outstanding balances, the aging of balances in payment agreements, adverse situations that may affect a customer’s ability to pay, economic conditions, and other relevant factors applied to the current aging of receivables. This evaluation is inherently subjective. Unpaid balances remaining after 120 days are specifically reviewed by management and written off at that time if deemed uncollectible. Bad debt recoveries are credited to the allowance account as realized.

	2025	2024
Balance, beginning of year	\$ 666,472	\$ 781,952
Release from expected credit losses, net	(7,000)	(55,833)
Recoveries/(charge-offs), net	44,901	(59,647)
Balance, end of year	\$ 704,373	\$ 666,472

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

Contract Liabilities (Assessments Received in Advance – Reserve Funds)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – reserve funds) are recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to reserve funds assessments. The balance of contract liabilities (assessments received in advance – reserve funds) at May 1, 2024 and 2023 was **\$7,105,141** and \$6,691,111, respectively. During the current year, the Association recognized assessment income in the reserve funds of \$2,699,002. The balance of contract liabilities (assessments received in advance – reserve funds) was **\$6,024,723** and \$7,105,141 for the years ended April 30, 2025 and 2024, respectively.

Deferred Revenue

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Therefore, such amounts are reported within the accompanying financial statements as cash and/or receivables and are offset by a deferred revenue account.

Cash and Cash Equivalents

The Association considers cash, money market accounts, and other demand deposits as cash equivalents.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2025 and 2024

Note 1. The Association and Its Significant Accounting Policies (Continued)

Certificates of Deposit

The Association holds various certificates of deposit, with interest rates ranging from 4.35% to 4.50% and maturity dates ranging from May 2025 to October 2025.

Credit Risk

Deposit accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The Association, during the course of the year, may have deposits in financial institutions which are in excess of insured limits covered by the FDIC. This credit risk is managed by maintaining all deposits in high-quality financial institutions and by securities pledged as collateral in certain local banks. Management considers this to be normal business risk.

Property and Equipment

The Association's policy is to capitalize all property and equipment with a cost of \$2,000 or more to which it has title or other evidence of ownership. The Association is responsible for preserving and maintaining all common property other than the individual lots owned by members. Property and equipment purchased is recorded at cost. Donated assets are recorded at their estimated fair market value at the time of their donation. Depreciation is being provided on the straight-line method over the estimated useful lives of the related assets. Construction-in-progress relates to a project underway, but not completed.

Long-Lived Assets

The carrying value of long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the year ended April 30, 2025, no impairment has been recognized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising Expense

The Association expenses all advertising costs as they are incurred. Advertising costs for the years ended April 30, 2025 and 2024, totaled approximately **\$97,000** and \$84,000, respectively.

Financial Statement Presentation

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2025 and 2024

Note 1. The Association and Its Significant Accounting Policies (Continued)

Recently Adopted Accounting Guidance

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Association that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Association adopted the standard effective May 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

Note 2. Dues and Assessments

Annual dues to owners were **\$850** and \$883 for non-waterfront lots for the years ended April 30, 2025 and 2024, respectively. Annual dues to owners were **\$1,465** and \$1,498 for waterfront lots for the years ended April 30, 2025 and 2024, respectively. The following represents the amount of assessments that were budgeted and billed for operations and special purposes for the years ended April 30, 2025 and 2024:

	2025	2024
Operations	\$ 640	\$ 648
Replacement reserve	210	235
Non-waterfront lots	850	883
Bulkhead differential	615	615
Waterfront lots	\$ 1,465	\$ 1,498

The annual budget and membership dues are determined by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

Note 3. Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(4) of the IRC, except on net income derived from unrelated business activities.

ACS 740, Income Taxes, prescribes the recognition and measurement of a tax position taken, or expected to be taken, in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2025 and 2024

Note 3. Income Taxes (Continued)

The Association recognizes interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. The Association has not accrued interest and penalties as of April 30, 2025 and 2024. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Note 4. Line of Credit

During April 2022, the Association entered into a line of credit arrangement with The Bank of Ocean City with a maximum borrowing of \$43,250 with principal due on demand. The line bears interest at a rate of 2.25% per annum. The line is secured by the Association's certificate of deposit account held with The Bank of Ocean City. There was no outstanding balance on the line of credit at April 30, 2025 and 2024. The line of credit was subsequently closed during May 2024.

Note 5. Retirement Plan

The Association has two defined contribution retirement (401k) plans. The first plan is for non-police officer employees of the Association. Eligibility requirements include being over 20.5 years of age and having at least 1,000 hours of service in the plan year. The Association contributes up to a 3% match of compensation for all these eligible employees that contribute to the plan and have been with the company for at least 12 consecutive months.

The second retirement plan is for police officers only. Police officers become eligible for participation immediately upon the plan's next entry date. The Association contributes up to a 5% match of compensation for all officers that contribute to the plan. In addition, the Association contributes a discretionary profit-sharing amount at the end of each fiscal year, payable to police officers who are employed as of April 30th. The company contribution amount vests over a period of 6 years of service in 20% increments beginning after year 2 of service.

Participants for both plans may contribute up to 90% of compensation with a maximum contribution as permitted by the IRS, currently \$23,500 in calendar year 2025. Association match contributions to the plans were approximately **\$103,000** and \$91,000 for the years ended April 30, 2025 and 2024, respectively. The Association also distributed approximately \$161,000 in discretionary profit-sharing company contributions to officers on payroll as of April 30, 2025 for fiscal year 2025.

Note 6. Major Repairs and Replacements

The Association annually determines the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. When replacement funds are needed to meet future needs for major repairs and replacements, the Association may borrow, utilize reserve funds, increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time. The Association currently funds depreciation expense through current year assessments and deposits such funds in the Major Maintenance and Replacement Reserve Fund, which provides funding for future capital asset repairs and replacements.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2025 and 2024

Note 7. Commitments and Contingencies

In December 2015, the Association concluded discussions with Chesapeake Utilities (Sandpiper) to facilitate the conversion of the Ocean Pines community from propane to natural gas over the next several years. The resulting agreement between Sandpiper and the Association includes provisions that provide Sandpiper with certain easements, right-of-ways and a land lease related to installation, operation and maintenance of a gas distribution system. The agreement also provides that Sandpiper pay to the Association certain fees, commencing in fiscal year 2016. Required payments of approximately \$16,200 have been recorded as revenue during each of the years ended April 30, 2025 and 2024, as reflected in services and supplies in the accompanying statements of revenues and expenses and changes in fund balances.

In August 2019, the Association entered into a management agreement with Matt Ortt Companies ("MOC") to provide management and operational services for the Yacht Club and Beach Club for at least three years commencing on May 1, 2020. There is an option to add an additional fourth or fifth year if certain circumstances are achieved, as defined in the agreement. Under the terms of this agreement, the Association is required to pay \$25,000 per month for the first eight months of the fiscal year. In addition to this \$200,000, MOC may be eligible for an additional profit bonus if a target operating profit is achieved, as defined in the agreement. MOC will split (50%) any profits in excess of this target operating profit. These amounts will be payable at the conclusion of the corresponding fiscal year. If MOC does not achieve the target operating profit, there is a clawback feature contained within the contract whereby MOC is required to pay back 50% of this shortfall from the determined clawback threshold of \$100,000. Upon termination for any reason, MOC shall be paid the management fee due through the date of termination. In the event that the Association terminates this agreement without cause, MOC shall be paid a liquidated damage equal to \$75,000.

The Association paid management fees of approximately **\$393,000** and \$493,000 for the years ended April 30, 2025 and 2024, respectively, as reflected in the services and supplies expenses on the accompanying statements of revenues and expenses and changes in fund balances. The management agreement with Matt Ortt Companies was terminated in March 2025.

In May 2025, the Association entered into a five-year lease with Farindola OP, LLC (Touch of Italy) to oversee its food and beverage operations and facilities, including for the Yacht Club, Beach Club, and the Clubhouse Grille. Under the terms of the lease, Touch of Italy will pay to the Association rent at a monthly rate starting on May 1, 2025, in the amount of \$32,000. Rent to the Association is due on the 1st of each month in advance and will increase by 3% each year during the initial lease term and any renewal terms. The lease agreement contains an option for (1) five-year renewal term. Additional monthly rent on non-alcohol sales will also be due to the Association based on certain terms as defined in the lease agreement.

In the normal course of business, the Association is a party to lawsuits. In the opinion of counsel and management, the ultimate disposition of these lawsuits will have no adverse impact on the financial position of the Association.

Ocean Pines Association, Inc.
NOTES TO FINANCIAL STATEMENTS
For the years ended April 30, 2025 and 2024

Note 8. Paycheck Protection Program

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, was signed into law during March 2020 in response to the COVID-19 crisis. The CARES Act established the Paycheck Protection Program (the "PPP"). The PPP was implemented by the Small Business Administration (the "SBA") and allowed approved lenders to provide small businesses with loans to pay for payroll costs including benefits, interest on mortgages, rent and utilities. During April 2020, the Association applied for the PPP loan with its lender and received \$1,143,493. The amount was forgiven during June 2021. In addition, the Association's management company, MOC, applied for a PPP loan during the year ended April 30, 2021, under the management company's name. The management company received \$271,300. The amount was forgiven during December 2020.

The SBA has the right to audit whether a borrower qualified for a PPP loan and met the conditions of forgiveness of the loan for up to six years after forgiveness is received. The Association believes the risk of noncompliance is not significant.

Note 9. Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 31, 2025, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Ocean Pines Association, Inc.
SCHEDULE OF NET REVENUES AND EXPENSES
(INCLUDING DEPRECIATION) BY DEPARTMENT
Years Ended April 30, 2025 and 2024

	2025	2024	Schedule
General administration	\$ 5,570,322	\$ 5,785,598	4
Public relations and marketing	(216,259)	(235,164)	5
General manager's office	(381,909)	(417,638)	6
Finance	(902,042)	(922,166)	7
Compliance, permits, and inspections	(111,217)	(134,655)	8
Fire and E.M.S. services	(1,011,345)	(1,008,917)	9
General maintenance	(759,040)	(806,284)	10
Public works	(1,879,623)	(1,909,041)	11
Recreation and parks	(612,978)	(661,971)	12
Police department	(1,706,138)	(1,324,763)	13
Golf operations and maintenance	188,221	76,868	14
Aquatics operation	(254,562)	(263,597)	15
Tennis operation	(76,229)	(86,049)	16
Platform tennis operation	(8,439)	(29,496)	17
Pickleball operation	28,112	13,109	18
Marina	174,505	118,350	19
Beach club	204,199	134,389	20
Beach parking	553,309	537,815	21
Yacht club	(201,774)	(23,967)	22
Clubhouse grille	(48,107)	(12,219)	23
	<hr/>	<hr/>	
Operating Fund revenues under expenses	\$ (1,450,994)	\$ (1,169,798)	

Ocean Pines Association, Inc.
SCHEDULE OF REVENUES
Years Ended April 30, 2025 and 2024

	2025	2024	Schedule
General administration	\$ 6,306,130	\$ 6,469,901	4
Public relations and marketing	90,354	69,016	5
Finance, net	78,203	74,679	7
Compliance, permits, and inspections	225,744	209,214	8
Public works	150,797	86,520	11
Recreation and parks, net	543,067	389,610	12
Police department	675,792	582,644	13
Golf operations and maintenance, net	1,823,865	1,715,932	14
Aquatics operation, net	1,031,057	1,000,115	15
Tennis operation, net	44,440	38,340	16
Platform tennis operation, net	28,441	21,983	17
Pickleball operation, net	145,667	135,131	18
Marina, net	408,060	349,418	19
Beach club, net	546,113	506,597	20
Beach parking	608,630	576,154	21
Yacht club, net	2,161,753	2,473,739	22
Clubhouse grille, net	448,790	445,390	23
	<hr/>	<hr/>	
Total Operating Fund revenues	\$ 15,316,903	\$ 15,144,383	

Ocean Pines Association, Inc.
SCHEDULE OF EXPENSES (INCLUDING DEPRECIATION)
Years Ended April 30, 2025 and 2024

	2025	2024	Schedule
General administration	\$ 735,808	\$ 684,303	4
Public relations and marketing	306,613	304,180	5
General manager's office	381,909	417,638	6
Finance	980,245	996,845	7
Compliance, permits, and inspections	336,961	343,869	8
Fire and E.M.S. services	1,011,345	1,008,917	9
General maintenance	759,040	806,284	10
Public works	2,030,420	1,995,561	11
Recreation and parks	1,156,045	1,051,581	12
Police department	2,381,930	1,907,407	13
Golf operations and maintenance	1,635,644	1,639,064	14
Aquatics operation	1,285,619	1,263,712	15
Tennis operation	120,669	124,389	16
Platform tennis operation	36,880	51,479	17
Pickleball operation	117,555	122,022	18
Marina	233,555	231,068	19
Beach club	341,914	372,208	20
Beach parking	55,321	38,339	21
Yacht club	2,363,527	2,497,706	22
Clubhouse grille	496,897	457,609	23
	<hr/>	<hr/>	
Total Operating Fund expenses	\$ 16,767,897	\$ 16,314,181	

Ocean Pines Association, Inc.
GENERAL ADMINISTRATION REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Assessments	\$ 5,462,887	\$ 5,609,549
Casino funds released from restrictions	450,000	450,000
Delinquent charges	31,931	34,146
Donations	70,000	-
Franchise fees	195,000	237,105
Miscellaneous	96,312	139,101
Total revenues	<u>6,306,130</u>	<u>6,469,901</u>
Expenses		
Accounting fees	37,031	36,000
Bad debts	(7,000)	(55,833)
Board expense	16,738	38,403
Contract services	197,615	246,400
Credit card fees	58,321	48,006
Election and referendum	31,902	27,195
Insurance	192,178	151,331
Legal fees	137,267	118,730
Miscellaneous	147	-
Postage	25	27
Supplies	13,069	6,103
Taxes	57,284	66,438
Water and sewer	1,231	1,503
Total expenses	<u>735,808</u>	<u>684,303</u>
Net revenues over expenses	<u>\$ 5,570,322</u>	<u>\$ 5,785,598</u>

Ocean Pines Association, Inc.
PUBLIC RELATIONS AND MARKETING REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Advertising	\$ 82,354	\$ 69,016
Sponsorships	8,000	-
Total revenues	<u>90,354</u>	<u>69,016</u>
Expenses		
Salaries and wages	121,971	128,629
Payroll costs (taxes, health insurance, retirement, workers' compensation)	30,432	28,862
Contract services	22,453	13,492
Dues and subscriptions	498	582
Electricity	643	753
Employee relations and training	353	195
Insurance	1,044	1,066
Postage	26,409	24,122
Printing	37,726	35,151
Promotion and marketing	54,296	59,436
Refuse removal	-	59
Repairs and maintenance	3,941	2,231
Supplies	4,298	6,073
Telephone	2,374	3,340
Water and sewer	175	189
Total expenses	<u>306,613</u>	<u>304,180</u>
Net revenues under expenses	<u>\$ (216,259)</u>	<u>\$ (235,164)</u>

Ocean Pines Association, Inc.
GENERAL MANAGER'S OFFICE EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Salaries and wages	\$ 295,681	\$ 289,310
Payroll costs (taxes, health insurance, retirement, workers' compensation)	37,813	80,721
Contract services	10,057	4,346
Dues and subscriptions	747	652
Electricity	3,156	3,013
Employee relations and training	4,125	5,165
Gas and oil	2,333	1,445
Insurance	3,072	3,107
Postage	3	23
Refuse removal	275	234
Supplies	6,366	6,209
Telephone	6,680	6,735
Water and sewer	647	694
Total expenses, excluding depreciation	<u>370,955</u>	<u>401,654</u>
Depreciation expense	<u>10,954</u>	<u>15,984</u>
Total expenses, including depreciation	<u>\$ 381,909</u>	<u>\$ 417,638</u>

Ocean Pines Association, Inc.
FINANCE REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Merchandise Sales	\$ 4,865	\$ 2,813
Miscellaneous	75,974	73,970
Total revenues	<u>80,839</u>	<u>76,783</u>
Cost of sales	<u>2,636</u>	2,104
Net revenues	<u>78,203</u>	<u>74,679</u>
Expenses		
Salaries and wages	613,835	642,070
Payroll costs (taxes, health insurance, retirement, workers' compensation)	162,248	172,890
Advertising	-	324
Computer fees	51	336
Contract services	58,424	19,917
Dues and subscriptions	75	2,375
Electricity	8,560	7,532
Employee relations and training	3,191	2,069
Equipment rental	1,405	2,444
Insurance	7,044	7,215
Postage	10,180	16,180
Printing	-	389
Refuse removal	275	235
Supplies	29,705	31,914
Telephone	10,814	9,502
Water and sewer	1,292	1,388
Total expenses, excluding depreciation	<u>907,099</u>	<u>916,780</u>
Net revenues under expenses, excluding depreciation	(828,896)	(842,101)
Depreciation expense	<u>73,146</u>	<u>80,065</u>
Net revenues under expenses, including depreciation	<u>\$ (902,042)</u>	<u>\$ (922,166)</u>

Ocean Pines Association, Inc.**COMPLIANCE, PERMITS, AND INSPECTIONS REVENUES AND EXPENSES**

Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Inspection, filing, and administration fees	\$ 107,837	\$ 87,971
Interest income	20,360	14,990
Miscellaneous	647	13,603
Resale certificates	96,900	92,650
Total revenues	<u>225,744</u>	<u>209,214</u>
Expenses		
Salaries and wages	156,101	184,926
Payroll costs (taxes, health insurance, retirement, workers' compensation)	69,302	65,840
Contract services	13,461	15,503
Computer fees	-	273
Electricity	789	753
Employee relations and training	476	527
Equipment repairs and maintenance	1,521	1,831
Gasoline and oil	1,441	2,547
Insurance	3,180	3,328
Legal fees	69,418	51,159
Postage	2,062	611
Refuse removal	1,434	771
Supplies	7,368	7,141
Telephone	9,052	8,184
Uniforms	1,005	244
Water and sewer	351	231
Total expenses	<u>336,961</u>	<u>343,869</u>
Net revenues under expenses	<u>\$ (111,217)</u>	<u>\$ (134,655)</u>

Ocean Pines Association, Inc.
FIRE AND E.M.S. SERVICES EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Operating expenses	<u>\$ 1,011,345</u>	<u>\$ 1,008,917</u>
Total expenses	<u>\$ 1,011,345</u>	<u>\$ 1,008,917</u>

Ocean Pines Association, Inc.
GENERAL MAINTENANCE EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Salaries and wages	\$ 334,289	\$ 342,687
Payroll costs (taxes, health insurance, retirement, workers' compensation)	120,078	119,961
Building repairs and maintenance	242,661	274,162
Contract services	5,074	6,523
Electricity	2,790	3,763
Employee relations and training	1,558	1,360
Equipment repairs and maintenance	2,187	3,154
Gasoline and oil	6,130	6,776
Insurance	7,380	8,268
Permits and licenses	985	437
Postage	15	-
Propane gas	3,214	2,199
Refuse removal	367	2,471
Small tools	1,548	452
Supplies	9,679	9,213
Telephone	4,510	4,521
Uniforms	1,549	1,683
Water and sewer	351	231
Total expenses, excluding depreciation	744,365	787,861
Depreciation expense	14,675	18,423
Total expenses, including depreciation	\$ 759,040	\$ 806,284

Ocean Pines Association, Inc.
PUBLIC WORKS REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
County gas taxes	\$ 150,000	\$ 85,000
Miscellaneous	797	1,520
Total revenues	<u>150,797</u>	<u>86,520</u>
Expenses		
Salaries and wages	634,117	594,124
Payroll costs (taxes, health insurance, retirement, workers' compensation)	181,480	218,879
Auto repairs and maintenance	25,621	51,116
Contract services	35,630	45,204
Credit card fees	854	1,424
Drainage maintenance	84,364	158,443
Dues and subscriptions	266	272
Electricity	23,231	21,023
Employee relations and training	4,296	3,903
Equipment rental	702	1,858
Equipment repairs and maintenance	59,605	43,339
Gasoline and oil	42,385	44,681
Ground improvements	72,349	65,051
Insurance	64,704	58,461
Permits and licenses	6,479	2,780
Postage	769	41
Propane gas	5,092	3,762
Refuse removal	65,818	61,087
Road signs	6,142	12,266
Roads and bridges repairs and maintenance	114,036	103,058
Small tools	-	663
Snow removal	26,960	-
Supplies	27,184	21,770
Telephone	6,501	5,237
Uniforms	11,176	9,979
Water and sewer	5,084	4,269
Total expenses	<u>1,504,845</u>	<u>1,532,690</u>
Net revenues under expenses, excluding depreciation	(1,354,048)	(1,446,170)
Depreciation expense	<u>525,575</u>	<u>462,871</u>
Net revenues under expenses, including depreciation	<u>\$ (1,879,623)</u>	<u>\$ (1,909,041)</u>

Ocean Pines Association, Inc.
RECREATION AND PARKS REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Dog park license fees	\$ 9,495	\$ 6,350
Donations	8,457	2,985
Facility rental	15,945	20,264
Grants	20,000	-
Miscellaneous	98,251	77,079
Program registration	285,596	286,359
Special events	126,468	31,483
Vending commissions	1,768	2,324
Total revenues	<u>565,980</u>	<u>426,844</u>
Cost of sales	<u>22,913</u>	37,234
Net revenues	<u>543,067</u>	<u>389,610</u>
Expenses		
Salaries and wages	376,413	320,171
Payroll costs (taxes, health insurance, retirement, workers' compensation)	87,495	71,747
Auto repairs and maintenance	2,951	195
Contract services	57,291	59,814
Credit card fees	18,286	17,403
Dog park expense	10,615	4,840
Dues and subscriptions	384	817
Electricity	25,409	28,900
Employee relations and training	223	340
Equipment rental	438	102
Equipment repairs and maintenance	30,574	50,885
Gasoline and oil	2,384	2,282
Insurance	62,760	59,995
Permits and licenses	545	620
Postage	243	79
Printing	-	149
Program expenses	86,329	73,142
Propane gas	17,848	15,918
Refuse removal	4,840	1,947
Special events	158,520	102,104
Supplies	18,449	20,079
Telephone	7,483	6,756
Uniforms	707	600
Water and sewer	6,672	7,378
Total expenses	<u>976,859</u>	<u>846,263</u>
Net revenues under expenses, excluding depreciation	(433,792)	(456,653)
Depreciation expense	<u>179,186</u>	<u>205,318</u>
Net revenues under expenses, including depreciation	<u>\$ (612,978)</u>	<u>\$ (661,971)</u>

Ocean Pines Association, Inc.
POLICE DEPARTMENT REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Donations	\$ 2,995	\$ 3,150
Grants	672,597	571,256
Miscellaneous	200	8,238
Total revenues	<u>675,792</u>	<u>582,644</u>
Expenses		
Salaries and wages	1,373,128	1,120,335
Payroll costs (taxes, health insurance, retirement, workers' compensation)	532,476	377,908
Auto repairs and maintenance	15,462	10,929
Contract services	139,105	106,414
Dues and subscriptions	772	416
Electricity	7,101	6,779
Employee relations and training	17,038	19,956
Equipment repairs and maintenance	676	110
Gasoline and oil	37,345	29,020
Insurance	40,740	42,835
Postage	184	8
Printing	391	-
Propane gas	897	781
Refuse removal	1,239	1,059
Supplies	13,185	20,988
Telephone	18,965	17,408
Uniforms	18,850	8,304
Water and sewer	1,175	1,261
Total expenses	<u>2,218,729</u>	<u>1,764,511</u>
Net revenues under expenses, excluding depreciation	(1,542,937)	(1,181,867)
Depreciation expense	<u>163,201</u>	<u>142,896</u>
Net revenues under expenses, including depreciation	<u>\$ (1,706,138)</u>	<u>\$ (1,324,763)</u>

Ocean Pines Association, Inc.
GOLF OPERATIONS AND MAINTENANCE REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Cart fees	\$ 551,157	\$ 477,694
Club rental	7,724	7,538
Driving range	79,292	74,481
Food and beverage	3,584	3,407
Golf academy	8,400	9,856
Green fees	854,224	879,959
Lessons	10,419	10,813
Membership dues	232,424	180,806
Merchandise	179,746	189,940
Miscellaneous	17,009	12,874
Total revenues	<u>1,943,979</u>	<u>1,847,368</u>
Cost of sales		
Driving range	3,375	-
Food and beverage	933	1,052
Merchandise	115,806	130,384
Total cost of sales	<u>120,114</u>	<u>131,436</u>
Net revenues	<u>1,823,865</u>	<u>1,715,932</u>
Expenses		
Salaries and wages	720,874	687,819
Payroll costs (taxes, health insurance, retirement, workers' compensation)	124,364	112,363
Auto repairs and maintenance	-	637
Contract services	36,087	33,766
Credit card fees	32,387	33,533
Drainage maintenance	5,150	-
Dues and subscriptions	1,745	1,902
Electricity	43,951	51,449
Employee relations and training	2,175	1,828
Equipment repairs and maintenance	45,648	64,937
Gasoline and oil	32,708	38,207
Golf operations	688	681
Ground improvements	209	-
Insurance	42,600	42,900
Miscellaneous	(9,000)	(1,800)
Permits and licenses	780	780
Postage	274	155
Printing	1,512	1,157
Promotion and marketing	15,325	12,344
Propane gas	1,268	927
Refuse removal	7,949	6,385
Sand, soil, and gravel	13,765	22,551
Seed, fertilizer, and chemicals	114,779	136,376
Small tools	-	892
Supplies	34,337	32,018
Telephone	8,906	7,799
Uniforms	1,389	484
Water and sewer	10,512	11,538
Total expenses	<u>1,290,382</u>	<u>1,301,628</u>
Net revenues over expenses, excluding depreciation	533,483	414,304
Depreciation expense	<u>345,262</u>	<u>337,436</u>
Net revenues over expenses, including depreciation	<u>\$ 188,221</u>	<u>\$ 76,868</u>

Ocean Pines Association, Inc.
AQUATICS OPERATION REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Daily fees	\$ 421,840	\$ 433,335
Donations	339	1,552
Facility rental	76,321	71,842
Membership dues	381,373	353,184
Merchandise	2,589	2,228
Miscellaneous	-	15
Program registration	136,960	126,746
Vending commissions	34,725	32,481
Total revenues	<u>1,054,147</u>	<u>1,021,383</u>
Cost of sales		
Merchandise	1,917	1,173
Vending	21,173	20,095
Total cost of sales	<u>23,090</u>	<u>21,268</u>
Net revenues	<u>1,031,057</u>	<u>1,000,115</u>
Expenses		
Salaries and wages	579,034	529,482
Payroll costs (taxes, health insurance, retirement, workers' compensation)	97,540	101,459
Advertising and marketing	312	786
Chemicals	41,920	42,695
Class instruction	13,835	15,936
Contract services	19,194	17,558
Credit card fees	30,291	26,273
Donations	1,097	1,552
Dues and subscriptions	90	55
Electricity	37,529	44,034
Employee relations and training	6,354	1,983
Gasoline and oil	318	3,595
Insurance	54,960	53,872
Paper goods	566	-
Permits and licenses	3,210	2,035
Postage	22	14
Propane gas	56,961	75,575
Refuse removal	3,157	2,895
Repairs and maintenance	11,116	15,114
Special events	586	326
Supplies	26,385	22,614
Telephone	2,703	3,079
Uniforms	11,733	5,775
Water and sewer	30,145	29,678
Total expenses	<u>1,029,058</u>	<u>996,385</u>
Net revenues over expenses, excluding depreciation	1,999	3,730
Depreciation expense	<u>256,561</u>	<u>267,327</u>
Net revenues under expenses, including depreciation	<u>\$ (254,562)</u>	<u>\$ (263,597)</u>

Ocean Pines Association, Inc.
TENNIS OPERATION REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Daily fees	\$ 6,102	\$ 5,591
Membership dues	26,759	24,319
Merchandise	5,420	1,129
Miscellaneous	47	8
Program registration	9,770	7,910
Vending commissions	437	881
Total revenues	<u>48,535</u>	<u>39,838</u>
Cost of sales		
Merchandise	3,933	673
Vending	162	825
Total cost of sales	<u>4,095</u>	<u>1,498</u>
Net revenues	<u>44,440</u>	<u>38,340</u>
Expenses		
Salaries and wages	33,074	29,899
Payroll costs (taxes, health insurance, retirement, workers' compensation)	4,188	8,360
Class instruction	5,792	661
Contract services	26,717	25,509
Credit card fees	3,854	2,467
Dues and subscriptions	75	75
Electricity	2,776	3,949
Employee relations and training	100	-
Equipment repairs and maintenance	975	3,169
Insurance	600	572
Refuse removal	688	690
Special events	-	75
Supplies	5,698	8,891
Telephone	865	568
Uniforms	266	-
Water and sewer	3,299	4,586
Total expenses	<u>88,967</u>	<u>89,471</u>
Net revenues under expenses, excluding depreciation	<u>(44,527)</u>	<u>(51,131)</u>
Depreciation expense	<u>31,702</u>	<u>34,918</u>
Net revenues under expenses, including depreciation	<u>\$ (76,229)</u>	<u>\$ (86,049)</u>

Ocean Pines Association, Inc.
PLATFORM TENNIS OPERATION REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Daily fees	\$ 2,168	\$ 1,228
Membership dues	23,297	20,826
Merchandise	447	2,790
Miscellaneous	26	-
Program registration	2,801	-
Total revenues	<u>28,739</u>	<u>24,844</u>
Cost of sales	<u>298</u>	2,861
Net revenues	<u>28,441</u>	<u>21,983</u>
Expenses		
Salaries and wages	20,650	35,447
Payroll costs (taxes, health insurance, retirement, workers' compensation)	2,557	3,854
Class instruction	1,728	212
Contract services	1,570	1,841
Electricity	-	29
Employee relations and training	46	-
Equipment repairs and maintenance	-	618
Insurance	600	572
Refuse removal	688	689
Special events	-	524
Supplies	1,954	2,789
Telephone	908	609
Uniforms	266	-
Water and sewer	2,541	1,274
Total expenses	<u>33,508</u>	<u>48,458</u>
Net revenues under expenses, excluding depreciation	(5,067)	(26,475)
Depreciation expense	<u>3,372</u>	<u>3,021</u>
Net revenues under expenses, including depreciation	<u>\$ (8,439)</u>	<u>\$ (29,496)</u>

Ocean Pines Association, Inc.
PICKLEBALL OPERATION REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Daily fees	\$ 27,926	\$ 29,735
Donations	1,300	-
Facility rental	4,832	9,969
Membership dues	88,877	73,282
Merchandise	510	222
Miscellaneous	26	-
Program registration	15,362	10,302
Special events	7,241	11,621
Total revenues	<u>146,074</u>	<u>135,131</u>
Cost of sales	<u>407</u>	-
Net revenues	<u>145,667</u>	<u>135,131</u>
Expenses		
Salaries and wages	41,612	44,463
Payroll costs (taxes, health insurance, retirement, workers' compensation)	5,279	5,078
Class instruction	13,192	7,908
Contract services	2,663	2,356
Dues and subscriptions	39	-
Electricity	1,288	1,126
Employee relations and training	46	41
Equipment repairs and maintenance	298	5,606
Insurance	600	572
Refuse removal	688	689
Special events	4,944	12,128
Supplies	5,288	5,181
Telephone	865	609
Uniforms	464	-
Water and sewer	2,541	1,274
Total expenses	<u>79,807</u>	<u>87,031</u>
Net revenues over expenses, excluding depreciation	65,860	48,100
Depreciation expense	<u>37,748</u>	<u>34,991</u>
Net revenues over expenses, including depreciation	<u>\$ 28,112</u>	<u>\$ 13,109</u>

Ocean Pines Association, Inc.
MARINA REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Fuel	\$ 1,008,914	\$ 997,592
Merchandise	4,680	4,220
Slip rental	216,040	204,504
Vending commissions	11,622	9,022
Total revenues	<u>1,241,256</u>	<u>1,215,338</u>
Cost of sales		
Fuel	822,014	856,810
Merchandise	3,761	3,639
Vending	7,421	5,471
Total cost of sales	<u>833,196</u>	<u>865,920</u>
Net revenues	<u>408,060</u>	<u>349,418</u>
Expenses		
Salaries and wages	62,261	60,243
Payroll costs (taxes, health insurance, retirement, workers' compensation)	8,307	14,036
Contract services	6,706	6,196
Credit card fees	44,364	43,851
Electricity	4,166	3,637
Employee relations and training	92	-
Equipment repairs and maintenance	14,418	3,445
Insurance	11,292	12,857
Permits and licenses	309	622
Postage	71	-
Refuse removal	3,224	190
Supplies	2,455	3,340
Telephone	947	739
Uniforms	1,093	472
Water and sewer	2,658	2,829
Total expenses	<u>162,363</u>	<u>152,457</u>
Net revenues over expenses, excluding depreciation	245,697	196,961
Depreciation expense	<u>71,192</u>	<u>78,611</u>
Net revenues over expenses, including depreciation	<u>\$ 174,505</u>	<u>\$ 118,350</u>

Ocean Pines Association, Inc.
BEACH CLUB REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Food	\$ 391,037	\$ 354,342
Beverage	322,018	316,424
Facility rental	42	3,600
Merchandise	5,113	796
Total revenues	<u>718,210</u>	<u>675,162</u>
Cost of sales		
Food	115,458	105,529
Beverage	59,907	63,036
Merchandise	3,384	-
Vendor rebates	(6,652)	-
Total cost of sales	<u>172,097</u>	<u>168,565</u>
Net revenues	<u>546,113</u>	<u>506,597</u>
Expenses		
Salaries and wages	152,899	149,441
Payroll costs (taxes, health insurance, retirement, workers' compensation)	18,961	19,838
Accounting fees	4,800	6,000
Contract services	3,926	11,816
Credit card fees	28,234	23,945
Electricity	12,988	12,923
Entertainment	800	500
Equipment repairs and maintenance	3,836	628
Insurance	28,752	29,926
Internet and cable	3,114	-
Management fees	1,200	-
Paper goods	13,466	15,638
Permits and licenses	1,743	2,704
Promotions and discounts	1,269	-
Propane gas	3,516	3,750
Supplies	8,273	9,716
Taxes	902	365
Telephone	2,462	1,973
Uniforms and linens	944	952
Water and sewer	7,030	8,187
Total expenses	<u>299,115</u>	<u>298,302</u>
Net revenues over expenses, excluding depreciation	246,998	208,295
Depreciation expense	<u>42,799</u>	<u>73,906</u>
Net revenues over expenses, including depreciation	<u>\$ 204,199</u>	<u>\$ 134,389</u>

Ocean Pines Association, Inc.
BEACH PARKING REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Parking	<u>\$ 608,630</u>	<u>\$ 576,154</u>
Expenses		
Salaries and wages	22,498	16,918
Payroll costs (taxes, health insurance, retirement, workers' compensation)	3,407	3,197
Contract services	13,062	10,107
Insurance	5,136	4,706
Permits and licenses	220	-
Supplies	3,250	3,141
Uniforms	96	270
Total expenses	<u>47,669</u>	<u>38,339</u>
Net revenues over expenses, excluding depreciation	560,961	537,815
Depreciation expense	<u>7,652</u>	<u>-</u>
Net revenues over expenses, including depreciation	<u>\$ 553,309</u>	<u>\$ 537,815</u>

Ocean Pines Association, Inc.
YACHT CLUB REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Food	\$ 1,715,310	\$ 1,952,083
Beverage	1,260,748	1,367,522
Facility rental	33,456	57,352
Merchandise	28,479	32,343
Total revenues	<u>3,037,993</u>	<u>3,409,300</u>
Cost of sales		
Food	626,141	681,912
Beverage	264,966	277,794
Merchandise	22,417	18,219
Vendor rebates	(37,284)	(42,364)
Total cost of sales	<u>876,240</u>	<u>935,561</u>
Net revenues	<u>2,161,753</u>	<u>2,473,739</u>
Expenses		
Salaries and wages	994,577	1,001,653
Payroll costs (taxes, health insurance, retirement, workers' compensation)	150,689	152,603
Advertising	26,182	11,871
China, glass, and silver	1,083	2,418
Contract services	13,235	16,075
Credit card fees	81,057	83,954
Electricity	50,549	54,276
Entertainment	126,848	133,879
Equipment rental	918	-
Equipment repairs and maintenance	33,904	55,635
Insurance	53,814	62,084
Internet and cable	8,886	-
Management fees	424,583	536,900
Paper goods	25,013	21,109
Permits and licenses	2,394	4,510
Printing	124	659
Promotions and discounts	31,844	-
Propane gas	23,813	23,185
Refuse removal	6,396	3,782
Supplies	97,836	99,209
Taxes	6,864	7,700
Telephone	7,428	6,262
Uniforms and linens	17,194	15,427
Water and sewer	20,199	22,106
Total expenses	<u>2,205,430</u>	<u>2,315,297</u>
Net revenues (under) over expenses, excluding depreciation	(43,677)	158,442
Depreciation expense	<u>158,097</u>	<u>182,409</u>
Net revenues under expenses, including depreciation	<u>\$ (201,774)</u>	<u>\$ (23,967)</u>

Ocean Pines Association, Inc.
CLUBHOUSE GRILLE REVENUES AND EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Revenues		
Food	\$ 335,055	\$ 338,951
Beverage	309,604	281,788
Facility rental	4,993	2,245
Merchandise	438	1,583
Total revenues	<u>650,090</u>	<u>624,567</u>
Cost of sales		
Food	131,385	121,033
Beverage	72,904	62,866
Vendor rebates	(2,989)	(4,722)
Total cost of sales	<u>201,300</u>	<u>179,177</u>
Net revenues	<u>448,790</u>	<u>445,390</u>
Expenses		
Salaries and wages	206,631	188,243
Payroll costs (taxes, health insurance, retirement, workers' compensation)	29,684	28,106
Accounting fees	6,000	6,000
Advertising	1,209	-
China, glass, and silver	540	227
Contract services	10,088	10,197
Credit card fees	28,658	18,271
Electricity	10,195	9,223
Entertainment	-	741
Equipment repairs and maintenance	11,358	14,358
Insurance	12,696	11,999
Internet and cable	6,119	-
Paper goods	9,039	9,209
Permits and licenses	2,394	4,527
Promotions and discounts	1,775	-
Propane gas	3,709	3,890
Refuse removal	1,648	1,210
Supplies	23,903	18,153
Taxes	2,638	2,459
Telephone	1,718	1,460
Uniforms and linens	2,238	251
Water and sewer	2,517	3,241
Total expenses	<u>374,757</u>	<u>331,765</u>
Net revenues over expenses, excluding depreciation	74,033	113,625
Depreciation expense	<u>122,140</u>	<u>125,844</u>
Net revenues under expenses, including depreciation	<u>\$ (48,107)</u>	<u>\$ (12,219)</u>

Ocean Pines Association, Inc.
RESERVE FUNDS SCHEDULE OF EXPENSES
Years Ended April 30, 2025 and 2024

	2025	2024
Expenses		
Salaries and wages	\$ 80,806	\$ 74,442
Payroll costs (taxes, health insurance, retirement, workers' compensation)	34,471	36,461
Bulkhead repairs and maintenance	1,100,833	1,183,545
Canal repairs and maintenance	5,165	14,431
Contract services	854	595
Electricity	2,757	2,618
Equipment rental	9,000	1,800
Equipment repairs and maintenance	-	3,027
Gasoline and oil	2,008	2,154
Insurance	972	1,001
Permits and licenses	(350)	2,883
Propane gas	893	660
Refuse removal	650	1,288
Supplies	1,326	348
Telephone	-	115
Uniforms	269	162
Water and sewer	175	116
	<hr/>	<hr/>
Total expenses	\$ 1,239,829	\$ 1,325,646

Ocean Pines Association, Inc.
SCHEDULE OF CHANGES IN CONTRACT LIABILITIES (ASSESSMENTS RECEIVED IN ADVANCE - RESERVE FUND)
Years Ended April 30, 2025 and 2024

	<u>Major Maintenance and Replacements</u>	<u>Bulkheads and Waterways</u>	<u>Roads</u>	<u>Drainage</u>	<u>New Capital</u>	<u>Total</u>
Contract liability (assessments received in advance - reserve fund), April 30, 2023	\$ 5,153,975	\$ 523,188	\$ 715,176	\$ 184,688	\$ 114,084	\$ 6,691,111
Transfers from Operating Fund:						
Contributions from assessments	1,775,152	1,053,850	-	-	-	2,829,002
Prior year surplus	-	-	-	100,000	30,000	130,000
Interest income	420,091	68,704	72,493	24,995	8,207	594,490
Restricted Contributions:						
Transfer of Casino funds	-	-	350,000	100,000	-	450,000
Transfers to Operating Fund:						
Operating expenses	-	(1,325,646)	-	-	-	(1,325,646)
Capital additions	(1,818,225)	-	(377,404)	(19,122)	(49,065)	(2,263,816)
Contract liability (assessments received in advance - reserve fund), April 30, 2024	5,530,993	320,096	760,265	390,561	103,226	7,105,141
Transfers from Operating Fund:						
Contributions from assessments	1,645,152	1,053,850	-	-	-	2,699,002
Interest income	506,007	67,489	80,147	23,101	7,575	684,319
Restricted Contributions:						
Transfer of Casino funds	-	-	350,000	100,000	-	450,000
Transfers to Operating Fund:						
Operating expenses	-	(1,239,829)	-	-	-	(1,239,829)
Capital additions	(2,883,757)	-	(64,733)	(382,772)	(342,648)	(3,673,910)
Contract liability (assessments received in advance - reserve fund), April 30, 2025	\$ 4,798,395	\$ 201,606	\$ 1,125,679	\$ 130,890	\$ (231,847)	\$ 6,024,723

REQUIRED SUPPLEMENTARY INFORMATION

Ocean Pines Association, Inc.**SUPPLEMENTARY INFORMATION ON FUTURE REPAIRS AND REPLACEMENTS (UNAUDITED)****April 30, 2025**

In 2021, Design Management Associates, Inc (DMA), an independent contractor, updated its 2017 Reserve Study of the Association's assets to estimate the remaining useful lives and the replacement costs of the components of buildings and improvements, as well as all other assets, including furniture and fixtures, equipment, vehicles, pools, bridges, land improvements and bulkheads. Replacement costs were based on the estimated costs to repair or replace the common property components at the end of their useful lives, assuming an annual inflation rate of 3.08%.

The DMA Report is currently being utilized by management for budget and asset replacement decision making. Information set forth below is based on the Report. The future replacement cost information for certain asset categories are approximations:

Components	Estimated Future Replacement Cost
Bulkheads	\$ 38,500,000
Other improvements	16,500,000
Roads	16,000,000
Buildings and pools	14,500,000
Mobile outdoor equipment (mowers) and vehicles	4,500,000
Furniture and technology	<u>3,000,000</u>
	<u>\$ 93,000,000</u>

Note: The Association has been replacing bulkheads on a 35-year program. The Association currently has approximately 109,000 linear feet of bulkheads, approximately 92% of which is the financial responsibility of property owners, who currently pay a Bulkhead Differential as part of their annual assessment (\$615 in FY 2025). As part of the follow-up to the Reserve Study, management and the Board of Directors will continue to evaluate the current Bulkhead Replacement Program.