

# **Ocean Pines Association, Inc.**

AUDITED FINANCIAL STATEMENTS

For the year ended April 30, 2024

# 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, 2024 and 2023, 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, 2024 and 2023, 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.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, Ocean Pines Association, Inc. adopted ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" on May 1, 2023.

### **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 19, 2024

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

As of April 30, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,318,340	\$ 3,025,726
Certificates of deposit in other financial institutions	14,426,435	14,676,281
Accounts receivable:		
Property owners' assessments, net	2,520,577	2,604,037
Other, net	186,636	276,039
Inventories	418,414	388,334
Prepaid expenses	224,516	175,571
<b>Total current assets</b>	<b>22,094,918</b>	<b>21,145,988</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	4,579,367	4,579,367
Land improvements	13,873,317	13,508,887
Buildings and building improvements	17,766,045	17,718,200
Furniture and equipment	10,733,578	10,549,420
Roads	9,850,711	9,473,307
Construction in progress	195,345	-
	<b>56,998,363</b>	<b>55,829,181</b>
Less: accumulated depreciation	<b>(32,132,492)</b>	<b>(31,089,218)</b>
	<b>24,865,871</b>	<b>24,739,963</b>
<b>Total assets</b>	<b>\$ 46,960,789</b>	<b>\$ 45,885,951</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,928,221	\$ 1,566,072
Refundable deposits	234,390	203,255
Contract liability (assessments received in advance - reserve fund)	7,105,141	6,691,111
Deferred income:		
Property owners' assessments	8,197,628	8,468,917
Club membership dues and other	1,160,435	1,045,899
Casino funds	569,282	585,022
<b>Total current liabilities</b>	<b>19,195,097</b>	<b>18,560,276</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>FUND BALANCES</b>		
Operating surplus	2,899,821	2,585,712
Investment in fixed assets	24,865,871	24,739,963
<b>Total fund balances</b>	<b>27,765,692</b>	<b>27,325,675</b>
<b>Total liabilities and fund balances</b>	<b>\$ 46,960,789</b>	<b>\$ 45,885,951</b>

**Ocean Pines Association, Inc.**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended April 30, 2024**  
**With Summarized Financial Information for 2023**

	Operating Fund	Reserve Funds	Investment in Fixed Assets	Totals	
				2024	2023
<b>REVENUES</b>					
Assessments	\$ 5,609,549	\$ 2,414,972	\$ -	\$ 8,024,521	\$ 7,986,752
Membership dues	652,417	-	-	652,417	606,842
Program registration	294,269	-	-	294,269	230,044
Architectural review fees	180,621	-	-	180,621	138,900
Golf course fees	1,432,134	-	-	1,432,134	1,276,298
Passes, coupons and guest fees	560,081	-	-	560,081	542,494
Food and beverage sales	4,614,517	-	-	4,614,517	4,742,161
County road taxes	85,000	-	-	85,000	142,205
Slip rental and fuel sales	1,202,096	-	-	1,202,096	1,386,530
Parking	576,154	-	-	576,154	567,137
Interest income	14,990	594,490	-	609,480	214,226
Casino funds released from restrictions	450,000	-	-	450,000	450,000
Other	1,865,265	-	-	1,865,265	1,523,467
<b>Total revenues</b>	<b>17,537,093</b>	<b>3,009,462</b>	<b>-</b>	<b>20,546,555</b>	<b>19,807,056</b>
Cost of Sales	2,392,710	-	-	2,392,710	2,543,142
<b>Net revenues</b>	<b>15,144,383</b>	<b>3,009,462</b>	<b>-</b>	<b>18,153,845</b>	<b>17,263,914</b>
<b>EXPENSES</b>					
Salaries, wages and payroll costs	7,951,562	110,903	-	8,062,465	7,835,541
Services and supplies	2,991,759	3,750	-	2,995,509	2,831,775
Repairs and maintenance	916,558	1,201,003	-	2,117,561	1,822,535
Utilities	706,105	9,990	-	716,095	750,658
Depreciation expense	2,064,020	-	-	2,064,020	2,042,758
Other expenses	1,684,177	-	-	1,684,177	1,791,965
<b>Total expenses</b>	<b>16,314,181</b>	<b>1,325,646</b>	<b>-</b>	<b>17,639,827</b>	<b>17,075,232</b>
Excess (deficiency) of revenues over expenses before other changes	(1,169,798)	1,683,816	-	514,018	188,682
<b>OPERATING TRANSFERS AND OTHER CHANGES IN FUND BALANCES</b>					
Current year fixed asset additions	(113)	(2,263,816)	2,263,929	-	-
Depreciation expense	2,064,020	-	(2,064,020)	-	-
(Loss) gain on disposal of fixed assets	-	-	(74,001)	(74,001)	6,550
Transfer of Casino funds	(450,000)	450,000	-	-	-
Transfer of prior year surplus	(130,000)	130,000	-	-	-
	<b>1,483,907</b>	<b>(1,683,816)</b>	<b>125,908</b>	<b>(74,001)</b>	<b>6,550</b>
Excess of revenues over expenses	314,109	-	125,908	440,017	195,232
Fund balances, beginning of year	2,585,712	-	24,739,963	27,325,675	27,130,443
Fund Balances, end of year	\$ 2,899,821	\$ -	\$ 24,865,871	\$ 27,765,692	\$ 27,325,675

**Ocean Pines Association, Inc.**  
**STATEMENTS OF CASH FLOWS**  
**For the Year Ended April 30, 2024**  
**With Summarized Financial Information for 2023**

	Operating Fund	Reserve Funds	Investment in Fixed Assets	<u>Totals</u> 2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Excess of revenues over expenses	\$ 314,109	\$ -	\$ 125,908	\$ 440,017	\$ 195,232
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:					
Depreciation expense	2,064,020	-	-	2,064,020	2,042,758
Provision for credit losses (recoveries)	(55,833)	-	-	(55,833)	50,000
Loss (gain) on disposal of property and equipment	-	-	74,001	74,001	(6,550)
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	228,696	-	-	228,696	(147,058)
(Increase) decrease in inventories	(30,080)	-	-	(30,080)	69,360
Increase in prepaid expenses	(48,945)	-	-	(48,945)	(13,858)
Increase in accounts payable and accrued expenses	362,149	-	-	362,149	205,674
Increase in refundable deposits	31,135	-	-	31,135	28,595
Increase in contract liability	-	414,030	-	414,030	544,346
(Decrease) increase in deferred income	(172,493)	-	-	(172,493)	56,247
Net cash provided by operating activities	<u>2,692,758</u>	<u>414,030</u>	<u>199,909</u>	<u>3,306,697</u>	<u>3,024,746</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of property and equipment	-	-	(2,263,929)	(2,263,929)	(2,771,431)
Proceeds from sale of property and equipment	-	-	-	-	18,000
Proceeds (purchases) of certificate of deposit	249,846	-	-	249,846	(6,029,078)
Net cash used in investing activities	<u>249,846</u>	<u>-</u>	<u>(2,263,929)</u>	<u>(2,014,083)</u>	<u>(8,782,509)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interfund transfers	(1,649,990)	(414,030)	2,064,020	-	-
Net cash (used in) provided by financing activities	<u>(1,649,990)</u>	<u>(414,030)</u>	<u>2,064,020</u>	<u>-</u>	<u>-</u>
Net increase (decrease) increase in cash	1,292,614	-	-	1,292,614	(5,757,763)
Cash, beginning of fiscal year	<u>3,025,726</u>	<u>-</u>	<u>-</u>	<u>3,025,726</u>	<u>8,783,489</u>
Cash, end of fiscal year	<u>\$ 4,318,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,318,340</u>	<u>\$ 3,025,726</u>

**Ocean Pines Association, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended April 30, 2024 and 2023**

**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 8,518 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 **\$672,000** and \$692,500 at April 30, 2024 and 2023, 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, 2024 and 2023

**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.

	<b>2024</b>	<b>2023</b>
Balance, beginning of year	\$ 781,952	\$ 839,493
Provision for credit losses (recoveries), net	<b>(55,833)</b>	50,000
Net charge-offs	<b>(59,647)</b>	(107,541)
Balance, end of year	\$ <b>666,472</b>	\$ 781,952

**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, 2023 and 2022 was **\$6,691,111** and \$6,146,765, respectively. During the current year, the Association recognized assessment income in the reserve funds of \$2,829,002. The balance of contract liabilities (assessments received in advance – reserve funds) was **\$7,105,141** and \$6,691,111 for the years ended April 30, 2024 and 2023, 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, 2024 and 2023**

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

**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, 2024, 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, 2024 and 2023, totaled approximately **\$84,000** and \$113,000, respectively.

**Financial Statement Presentation**

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

**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.

**Ocean Pines Association, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended April 30, 2024 and 2023**

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

**Recently Adopted Accounting Guidance (Continued)**

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 **\$883** and \$896 for non-waterfront lots for the years ended April 30, 2024 and 2023, respectively. Annual dues to owners were **\$1,498** and \$1,511 for waterfront lots for the years ended April 30, 2024 and 2023, respectively. The following represents the amount of assessments that were budgeted and billed for operations and special purposes for the years ended April 30, 2024 and 2023:

	<b>2024</b>	2023
Operations	<b>\$ 648</b>	\$ 669
Replacement reserve	<b>235</b>	227
Non-waterfront lots	<b>883</b>	896
Bulkhead differential	<b>615</b>	615
Waterfront lots	<b>\$ 1,498</b>	\$ 1,511

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.

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, 2024 and 2023. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

**Ocean Pines Association, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended April 30, 2024 and 2023**

**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, 2024 and 2023. 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 30<sup>th</sup>. 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 \$23,000 in calendar year 2024. Association match contributions to the plans were approximately **\$91,000** and \$101,000 for the years ended April 30, 2024 and 2023, respectively. The Association also distributed approximately \$117,000 in discretionary profit-sharing company contributions to officers on payroll as of April 30, 2024 for fiscal year 2024.

**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.

**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, 2024 and 2023, as reflected in services and supplies in the accompanying statements of revenues and expenses and changes in fund balances.

**Ocean Pines Association, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended April 30, 2024 and 2023**

**Note 7. Commitments and Contingencies (Continued)**

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 **\$493,000** and \$504,000 for the years ended April 30, 2024 and 2023, respectively, as reflected in the services and supplies expenses on the accompanying statements of revenues and expenses and changes in fund balances.

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.

**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 19, 2024, 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, 2024 and 2023**

	2024	2023	Schedule
General administration	\$ 5,785,598	\$ 5,729,768	4
Public relations and marketing	(235,164)	(279,568)	5
General Manager's office	(417,638)	(343,624)	6
Finance	(922,166)	(957,316)	7
Compliance, Permits, and Inspections (C.P.I.)	(134,655)	(106,389)	8
Fire and E.M.S. services	(1,008,917)	(1,064,024)	9
General maintenance	(806,284)	(721,666)	10
Public works	(1,909,041)	(1,794,215)	11
Recreation and parks	(661,971)	(659,163)	12
Police	(1,324,763)	(1,430,941)	13
Golf operations and maintenance	76,868	(43,583)	14
Aquatics operation	(263,597)	(205,847)	15
Tennis operation	(86,049)	(74,929)	16
Platform tennis operation	(29,496)	(8,349)	17
Pickleball	13,109	37,939	18
Marinas	118,350	192,762	19
Beach club	134,389	129,578	20
Beach parking	537,815	527,769	21
Yacht club	(23,967)	5,048	22
Clubhouse grille	(12,219)	(77,311)	23
	<hr/>	<hr/>	
Operating Fund revenues under expenses	<b>\$ (1,169,798)</b>	<b>\$ (1,144,061)</b>	

**Ocean Pines Association, Inc.**  
**SCHEDULE OF REVENUES**  
**Years Ended April 30, 2024 and 2023**

	<b>2024</b>	2023	Schedule
General administration	\$ <b>6,469,901</b>	\$ 6,450,140	4
Public relations and marketing	<b>69,016</b>	60,830	5
Finance, net	<b>74,679</b>	42,478	7
C.P.I.	<b>209,214</b>	146,870	8
Public works	<b>86,520</b>	144,057	11
Recreation and parks, net	<b>389,610</b>	344,011	12
Police department	<b>582,644</b>	565,720	13
Golf operations and maintenance, net	<b>1,715,932</b>	1,551,130	14
Aquatics operation, net	<b>1,000,115</b>	947,170	15
Tennis operation, net	<b>38,340</b>	36,839	16
Platform tennis operation, net	<b>21,983</b>	17,722	17
Pickleball	<b>135,131</b>	104,414	18
Marina, net	<b>349,418</b>	395,337	19
Beach club, net	<b>506,597</b>	499,793	20
Beach parking	<b>576,154</b>	567,137	21
Yacht club, net	<b>2,473,739</b>	2,571,484	22
Clubhouse grille, net	<b>445,390</b>	364,650	23
	<hr/>	<hr/>	
Total Operating Fund revenues	<b>\$ 15,144,383</b>	<b>\$ 14,809,782</b>	

**Ocean Pines Association, Inc.**  
**SCHEDULE OF EXPENSES (INCLUDING DEPRECIATION)**  
**Years Ended April 30, 2024 and 2023**

	2024	2023	Schedule
General administration	\$ 684,303	\$ 720,372	4
Public relations and marketing	304,180	340,398	5
General manager's office	417,638	343,624	6
Finance	996,845	999,794	7
Compliance, Permits and Inspections	343,869	253,259	8
Fire and E.M.S. services	1,008,917	1,064,024	9
General maintenance	806,284	721,666	10
Public works	1,995,561	1,938,272	11
Recreation and parks	1,051,581	1,003,174	12
Police department	1,907,407	1,996,661	13
Golf operations and maintenance	1,639,064	1,594,713	14
Aquatics operation	1,263,712	1,153,017	15
Tennis operation	124,389	111,768	16
Platform tennis operation	51,479	26,071	17
Pickleball	122,022	66,475	18
Marinas	231,068	202,575	19
Beach club	372,208	370,215	20
Beach parking	38,339	39,368	21
Yacht club	2,497,706	2,566,436	22
Clubhouse grille	457,609	441,961	23
	<hr/>	<hr/>	
Total Operating Fund expenses	<b>\$ 16,314,181</b>	<b>\$ 15,953,843</b>	

**Ocean Pines Association, Inc.**  
**GENERAL ADMINISTRATION REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Revenues		
Assessments	\$ <b>5,609,549</b>	\$ 5,767,082
Delinquent charges	<b>34,146</b>	36,059
Casino funds released from restrictions	<b>450,000</b>	450,000
Franchise fees	<b>237,105</b>	195,000
Interest income	-	2,934
Miscellaneous	<b>139,101</b>	(935)
Total revenues	<u><b>6,469,901</b></u>	<u>6,450,140</u>
Expenses		
Accounting fees	<b>36,000</b>	35,000
Bad debts	<b>(55,833)</b>	50,000
Contract services	<b>246,400</b>	177,626
Legal fees	<b>118,730</b>	138,597
Miscellaneous	<b>49,536</b>	31,723
Supplies	<b>6,103</b>	3,952
Board expense	<b>38,403</b>	24,331
Election and referendum	<b>27,195</b>	44,052
Insurance	<b>151,331</b>	151,491
Taxes	<b>66,438</b>	63,600
Total expenses	<u><b>684,303</b></u>	<u>720,372</u>
Net revenues over expenses	<u><b>\$ 5,785,598</b></u>	<u>\$ 5,729,768</u>

**Ocean Pines Association, Inc.**  
**PUBLIC RELATIONS AND MARKETING REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Advertising	\$ 69,016	\$ 60,830
Total revenues	<u>69,016</u>	<u>60,830</u>
Expenses		
Salaries and wages	128,629	124,788
Payroll costs (taxes, health insurance, retirement, workers' compensation)	28,862	41,163
Employee relations and training	195	645
Contract services	13,492	12,028
Gasoline and oil	-	62
Postage	24,122	18,316
Supplies	6,073	2,246
Electricity	753	804
Refuse removal	59	238
Telephone	3,340	6,477
Water and sewer	189	183
Printing	35,151	35,926
Dues and subscriptions	582	1,025
Insurance	1,066	924
Taxes	-	8,109
Promotion and marketing	59,436	87,464
Repairs and maintenance	2,231	-
Total expenses	<u>304,180</u>	<u>340,398</u>
Net revenues under expenses	<u>\$ (235,164)</u>	<u>\$ (279,568)</u>

**Ocean Pines Association, Inc.**  
**GENERAL MANAGER'S OFFICE EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	<b>2024</b>	2023
Salaries and wages	<b>\$ 289,310</b>	\$ 248,337
Payroll costs (taxes, health insurance, retirement, workers' compensation)	<b>80,721</b>	47,667
Employee relations and training	<b>5,165</b>	909
Contract services	<b>4,346</b>	3,257
Gas and oil	<b>1,445</b>	2,327
Supplies	<b>6,209</b>	6,712
Electricity	<b>3,013</b>	3,416
Refuse removal	<b>234</b>	238
Telephone	<b>6,735</b>	6,378
Water and sewer	<b>694</b>	672
Postage	<b>23</b>	-
Dues and subscriptions	<b>652</b>	370
Insurance	<b>3,107</b>	2,820
	<hr/>	<hr/>
Total expenses, excluding depreciation	<b>401,654</b>	323,103
Depreciation expense	<b>15,984</b>	20,521
	<hr/>	<hr/>
Total expenses, including depreciation	<b>\$ 417,638</b>	\$ 343,624
	<hr/>	<hr/>

**Ocean Pines Association, Inc.**  
**FINANCE REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Miscellaneous	\$ 73,970	\$ 41,810
Merchandise Sales	2,813	2,884
Total revenues	<u>76,783</u>	<u>44,694</u>
Cost of Sales	<u>2,104</u>	2,216
Net revenues	<u>74,679</u>	<u>42,478</u>
Expenses		
Salaries and wages	642,070	629,907
Payroll costs (taxes, health insurance, retirement, workers' compensation)	172,890	154,614
Employee relations and training	2,069	9,167
Advertising	324	413
Contract services	19,917	17,967
Gasoline and oil	-	84
Postage	16,180	14,080
Printing	389	-
Computer fees	336	-
Supplies	31,914	29,689
Electricity	7,532	8,036
Refuse removal	235	238
Telephone	9,502	8,856
Water and sewer	1,388	1,344
Dues and subscriptions	2,375	2,355
Equipment rental	2,444	1,507
Insurance	7,215	8,316
Total expenses, excluding depreciation	<u>916,780</u>	<u>886,573</u>
Net revenues under expenses, excluding depreciation	(842,101)	(844,095)
Depreciation expense	<u>80,065</u>	113,221
Net revenues under expenses, including depreciation	<u>\$ (922,166)</u>	<u>\$ (957,316)</u>

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

Years Ended April 30, 2024 and 2023

	2024	2023
Revenues		
Inspection, filing & administration fees	\$ 87,971	\$ 48,020
Resale certificates	92,650	90,880
Interest income	14,990	4,807
Miscellaneous	13,603	3,163
Total revenues	<u>209,214</u>	<u>146,870</u>
Expenses		
Salaries and wages	184,926	134,192
Payroll costs (taxes, health insurance, retirement, workers' compensation)	65,840	70,224
Employee relations and training	527	355
Uniforms	244	552
Contract services	15,503	10,666
Copmuter Fees	273	-
Gasoline and oil	2,547	3,163
Postage	611	10
Legal fees	51,159	20,106
Supplies	7,141	2,947
Equipment repairs and maintenance	1,831	207
Electricity	753	720
Refuse removal	771	550
Telephone	8,184	6,476
Water and sewer	231	188
Insurance	3,328	2,880
Propane gas	-	23
Total expenses	<u>343,869</u>	<u>253,259</u>
Net revenues under expenses, including depreciation	<u>\$ (134,655)</u>	<u>\$ (106,389)</u>

**Ocean Pines Association, Inc.**  
**FIRE AND E.M.S. SERVICES EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	<b>2024</b>	2023
Operating expenses	<u>\$ 1,008,917</u>	<u>\$ 1,064,024</u>
Total expenses	<u>\$ 1,008,917</u>	<u>\$ 1,064,024</u>

**Ocean Pines Association, Inc.**  
**GENERAL MAINTENANCE EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Salaries and wages	\$ 342,687	\$ 300,219
Payroll costs (taxes, health insurance, retirement, workers' compensation)	119,961	111,690
Employee relations and training	1,360	760
Uniforms	1,683	2,028
Contract services	6,523	9,806
Supplies	9,213	8,484
Small tools	452	1,707
Gasoline and oil	6,776	7,304
Building repairs and maintenance	274,162	238,940
Electricity	3,763	3,897
Propane gas	2,199	2,790
Refuse removal	2,471	982
Telephone	4,521	4,742
Water and sewer	231	188
Insurance	8,268	7,116
Repairs and maintenance	3,154	1,126
Permits and licenses	437	491
	<hr/>	<hr/>
Total expenses, excluding depreciation	787,861	702,270
Depreciation expense	18,423	19,396
	<hr/>	<hr/>
Total expenses, including depreciation	\$ 806,284	\$ 721,666
	<hr/>	<hr/>

**Ocean Pines Association, Inc.**  
**PUBLIC WORKS REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
County gas taxes	\$ 85,000	\$ 142,205
Donations	-	500
Miscellaneous	1,520	1,352
Total revenues	<u>86,520</u>	<u>144,057</u>
Expenses		
Salaries and wages	594,124	567,834
Payroll costs (taxes, health insurance, retirement, workers' compensation)	218,879	236,766
Employee relations and training	3,903	2,035
Equipment rental	1,858	3,414
Uniforms	9,979	5,953
Contract services	45,204	45,048
Ground improvements	65,051	62,441
Road signs	12,266	5,792
Small tools	663	1,815
Snow removal	-	1,546
Gasoline and oil	44,681	55,056
Postage	41	7
Supplies	21,770	24,927
Repairs and maintenance	43,339	46,301
Auto and equipment repairs and maintenance	51,116	28,931
Drainage maintenance	158,443	156,885
Roads and bridges repairs and maintenance	103,058	109,867
Electricity	21,023	22,247
Propane gas	3,762	4,789
Refuse removal	61,087	62,723
Telephone	5,237	5,561
Water and sewer	4,269	3,718
Insurance	58,461	55,140
Permits and licenses	2,780	2,359
Credit card fees	1,424	1,713
Miscellaneous	-	67
Dues and subscriptions	272	495
Total expenses	<u>1,532,690</u>	<u>1,513,430</u>
Net revenues under expenses, excluding depreciation	(1,446,170)	(1,369,373)
Depreciation expense	<u>462,871</u>	<u>424,842</u>
Net revenues under expenses, including depreciation	<u>\$ (1,909,041)</u>	<u>\$ (1,794,215)</u>

**Ocean Pines Association, Inc.**  
**RECREATION AND PARKS REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Program registration	\$ 286,359	\$ 225,597
Special events	31,483	40,331
Donations	2,985	6,950
Facility rental	20,264	18,252
Dog Park license fees	6,350	7,767
Vending commissions	2,324	2,211
Grants	-	10,000
Miscellaneous	77,079	62,958
Total revenues	<u>426,844</u>	<u>374,066</u>
Cost of Sales	<u>37,234</u>	30,055
Net revenues	<u>389,610</u>	<u>344,011</u>
Expenses		
Salaries and wages	320,171	305,111
Payroll costs (taxes, health insurance, retirement, workers' compensation)	71,747	92,970
Employee relations and training	340	999
Equipment rental	102	-
Uniforms	600	2,234
Contract services	59,814	53,078
Gasoline and oil	2,282	2,471
Auto and equipment repairs and maintenance	195	57
Supplies	20,079	12,120
Credit card fees	17,403	10,859
Repairs and maintenance	50,885	37,049
Electricity	28,900	28,727
Propane gas	15,918	12,737
Refuse removal	1,947	1,782
Telephone	6,756	5,857
Water and sewer	7,378	5,759
Dog Park expense	4,840	15,367
Program expenses	73,142	60,992
Special events	102,104	88,387
Postage	79	9
Printing	149	-
Dues and subscriptions	817	1,660
Insurance	59,995	46,200
Taxes	-	5,289
Miscellaneous	620	330
Total expenses	<u>846,263</u>	<u>790,044</u>
Net revenues under expenses, excluding depreciation	(456,653)	(446,033)
Depreciation expense	<u>205,318</u>	213,130
Net revenues under expenses, including depreciation	<u>\$ (661,971)</u>	<u>\$ (659,163)</u>

**Ocean Pines Association, Inc.**  
**POLICE DEPARTMENT REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Grants	\$ 571,256	\$ 552,514
Donations	3,150	3,975
Miscellaneous income	8,238	9,231
Total revenues	<u>582,644</u>	<u>565,720</u>
Expenses		
Salaries and wages	1,120,335	1,209,080
Payroll costs (taxes, health insurance, retirement, workers' compensation)	377,908	422,845
Employee relations and training	19,956	7,672
Uniforms	8,304	4,108
Contract services	106,414	88,591
Gasoline and oil	29,020	44,103
Postage	8	9
Supplies	20,988	11,981
Auto and truck repairs and maintenance	10,929	11,619
Equipment repairs and maintenance	110	621
Electricity	6,779	7,232
Propane gas	781	713
Refuse removal	1,059	1,069
Telephone	17,408	15,134
Water and sewer	1,261	1,222
Insurance	42,835	30,204
Dues and subscriptions	416	711
Total expenses	<u>1,764,511</u>	<u>1,856,914</u>
Net revenues under expenses, excluding depreciation	(1,181,867)	(1,291,194)
Depreciation expense	<u>142,896</u>	<u>139,747</u>
Net revenues under expenses, including depreciation	<u>\$ (1,324,763)</u>	<u>\$ (1,430,941)</u>

**Ocean Pines Association, Inc.**  
**Golf Operations & Maintenance Revenue and Expenses**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Green fees	\$ 879,959	\$ 848,233
Cart fees	477,694	367,695
Membership dues	180,806	165,628
Merchandise	189,940	180,602
Food and beverage	3,407	4,024
Miscellaneous	41,081	45,751
Driving range	74,481	60,370
Total Revenues	<u>1,847,368</u>	<u>1,672,303</u>
Cost of sales		
Food and beverage	1,052	1,066
Merchandise	130,384	120,107
Total cost of sales	<u>131,436</u>	<u>121,173</u>
Net revenues	<u>1,715,932</u>	<u>1,551,130</u>
Expenses		
Salaries and wages	687,819	599,252
Payroll costs (taxes, health insurance, retirement, workers' compensation)	112,363	111,403
Seed, fertilizer and chemicals	136,376	157,793
Advertising and marketing	12,344	24,766
Golf operations	681	2,250
Contract services	33,766	31,972
Electricity	51,449	52,580
Repairs and maintenance	52,844	32,808
Insurance	42,900	33,996
Gas and oil	38,207	43,318
Water and sewer	23,631	17,996
Supplies	32,018	36,483
Credit card fees	33,533	34,294
Refuse removal	6,385	9,375
Miscellaneous	(1,800)	-
Telephone	7,799	8,301
Sand, soil and gravel	22,551	20,159
Employee relations and training	1,828	2,382
Uniforms and linens	484	4,240
Dues and subscriptions	1,902	1,813
Permits and licenses	780	390
Small tools	892	-
Propane gas	927	655
Auto and truck repairs and maintenance	637	814
Printing	1,157	1,225
Postage	155	248
Ground improvements	-	3,022
Total expenses	<u>1,301,628</u>	<u>1,231,535</u>
Net revenues over expenses, excluding depreciation	414,304	319,595
Depreciation expense	<u>337,436</u>	<u>363,178</u>
Net revenues over (under) expenses, including depreciation	<u>\$ 76,868</u>	<u>\$ (43,583)</u>

**Ocean Pines Association, Inc.**  
**AQUATICS OPERATION REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Membership dues	\$ 353,184	\$ 338,580
Facility rental	71,842	52,934
Daily fees	433,335	399,178
Swim classes	126,746	143,316
Vending commissions	32,481	23,490
Merchandise	2,228	1,833
Miscellaneous	1,567	7
Total revenues	<u>1,021,383</u>	<u>959,338</u>
Cost of sales		
Merchandise	1,173	362
Food	20,095	11,806
Total cost of sales	<u>21,268</u>	<u>12,168</u>
Net revenues	<u>1,000,115</u>	<u>947,170</u>
Expenses		
Salaries and wages	529,482	447,112
Payroll costs (taxes, health insurance, retirement, workers' compensation)	101,459	87,811
Employee relations and training	1,983	3,825
Uniforms	5,775	12,935
Advertising and marketing	786	-
Class instruction	15,936	14,013
Contract services	17,558	15,574
Chemicals	42,695	28,759
Credit card fees	26,273	19,982
Gasoline and oil	3,595	3,891
Supplies	22,614	23,928
Repairs and maintenance	15,114	10,401
Electricity	44,034	47,624
Propane gas	75,575	75,249
Refuse removal	2,895	2,273
Donations	1,552	1,550
Telephone	3,079	5,397
Water and sewer	29,678	31,759
Dues and subscriptions	55	55
Postage	14	-
Special events	326	-
Insurance	53,872	42,756
Permits and licenses	2,035	1,705
Total expenses	<u>996,385</u>	<u>876,599</u>
Net revenues over expenses, excluding depreciation	3,730	70,571
Depreciation expense	<u>267,327</u>	<u>276,418</u>
Net revenues under expenses, including depreciation	<u>\$ (263,597)</u>	<u>\$ (205,847)</u>

**Ocean Pines Association, Inc.**  
**TENNIS OPERATION REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Membership dues	\$ 24,319	\$ 24,042
Program registration	7,910	4,447
Facility rental	-	465
Miscellaneous	7,609	8,396
Total revenues	<u>39,838</u>	<u>37,350</u>
Cost of Sales	<u>1,498</u>	511
Net revenues	<u>38,340</u>	<u>36,839</u>
Expenses		
Salaries and wages	29,899	27,706
Payroll costs (taxes, health insurance, retirement, workers' compensation)	8,360	4,202
Employee relations and training	-	90
Class instruction	661	628
Uniforms	-	185
Contract services	25,509	22,673
Supplies	8,891	2,544
Refuse removal	690	2,115
Repairs and maintenance	3,169	6,140
Electricity	3,949	4,154
Telephone	568	215
Water and sewer	4,586	2,054
Insurance	572	408
Dues and subscriptions	75	-
Special events	75	43
Credit card fees	2,467	1,853
Total expenses	<u>89,471</u>	<u>75,010</u>
Net revenues under expenses, excluding depreciation	(51,131)	(38,171)
Depreciation expense	<u>34,918</u>	<u>36,758</u>
Net revenues under expenses, including depreciation	<u>\$ (86,049)</u>	<u>\$ (74,929)</u>

**Ocean Pines Association, Inc.**  
**PLATFORM TENNIS OPERATION REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Membership dues	\$ 20,826	\$ 17,266
Miscellaneous	4,018	468
Total revenues	<u>24,844</u>	<u>17,734</u>
Cost of Sales	<u>2,861</u>	12
Net revenues	<u>21,983</u>	<u>17,722</u>
Expenses		
Salaries and wages	35,447	14,784
Payroll costs (taxes, health insurance, retirement, workers' compensation)	3,854	2,135
Class instruction	212	-
Contract services	1,841	1,075
Supplies	2,789	1,603
Electricity	29	350
Insurance	572	396
Telephone	609	602
Water and sewer	1,274	279
Equipment repairs and maintenance	618	3,120
Dues and subscriptions	-	50
Special events	524	-
Refuse removal	689	-
Total expenses	<u>48,458</u>	<u>24,394</u>
Net revenues under expenses, excluding depreciation	<u>(26,475)</u>	(6,672)
Depreciation expense	<u>3,021</u>	<u>1,677</u>
Net revenues under expenses, including depreciation	<u>\$ (29,496)</u>	<u>\$ (8,349)</u>

**Ocean Pines Association, Inc.**  
**PICKLEBALL REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Membership dues	\$ 73,282	\$ 61,326
Facility rental	9,969	20,422
Miscellaneous	51,880	22,666
Total revenues	<u>135,131</u>	<u>104,414</u>
Expenses		
Salaries and wages	44,463	23,010
Payroll costs (taxes, health insurance, retirement, workers' compensation)	5,078	3,435
Employee relations and training	41	-
Class instruction	7,908	4,321
Contract services	2,356	1,075
Dues and subscriptions	-	500
Supplies	5,181	2,102
Repairs and maintenance	5,606	2,893
Electricity	1,126	1,766
Telephone	609	602
Water and sewer	1,274	279
Insurance	572	396
Special events	12,128	12,830
Refuse removal	689	-
Total expenses	<u>87,031</u>	<u>53,209</u>
Net revenues over expenses, excluding depreciation	48,100	51,205
Depreciation expense	<u>34,991</u>	<u>13,266</u>
Net revenues over expenses, including depreciation	<u>\$ 13,109</u>	<u>\$ 37,939</u>

**Ocean Pines Association, Inc.**  
**MARINA REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Vending	\$ 9,022	\$ 6,950
Fuel	997,592	1,179,300
Slip rental	204,504	207,230
Merchandise	4,220	1,713
Total revenues	<u>1,215,338</u>	<u>1,395,193</u>
Cost of sales		
Fuel	856,810	995,579
Food	5,471	2,721
Miscellaneous	3,639	1,556
Total cost of sales	<u>865,920</u>	<u>999,856</u>
Net revenues	<u>349,418</u>	<u>395,337</u>
Expenses		
Salaries and wages	60,243	66,196
Payroll costs (taxes, health insurance, retirement, workers' compensation)	14,036	13,580
Employee relations and training	-	33
Credit card fees	43,851	39,585
Uniforms	472	-
Contract services	6,196	8,569
Gasoline and oil	-	98
Supplies	3,340	5,351
Repairs and maintenance	3,445	14,518
Electricity	3,637	3,481
Refuse removal	190	319
Telephone	739	618
Water and sewer	2,829	2,863
Insurance	12,857	9,900
Permits and licenses	622	372
Total expenses	<u>152,457</u>	<u>165,483</u>
Net revenues over expenses, excluding depreciation	196,961	229,854
Depreciation expense	<u>78,611</u>	<u>37,092</u>
Net revenues over expenses, including depreciation	<u>\$ 118,350</u>	<u>\$ 192,762</u>

**Ocean Pines Association, Inc.**  
**BEACH CLUB REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Food	\$ 354,342	\$ 348,882
Beverage	316,424	322,795
Facility rental	3,600	1,000
Miscellaneous	796	972
Total revenues	<u>675,162</u>	<u>673,649</u>
Cost of sales		
Food	105,529	111,772
Beverage	63,036	62,084
Total cost of sales	<u>168,565</u>	<u>173,856</u>
Net revenues	<u>506,597</u>	<u>499,793</u>
Expenses		
Salaries and wages	149,441	150,247
Payroll costs (taxes, health insurance, retirement, workers' compensation)	19,838	21,861
Credit card fees	23,945	23,824
Entertainment	500	600
Uniforms	952	2,023
Contract services	11,816	4,070
Paper goods	15,638	17,516
Supplies	9,716	10,535
Repairs and maintenance	628	4,639
Electricity	12,923	11,086
Propane gas	3,750	4,337
Telephone	1,973	2,252
Water and sewer	8,187	8,783
Insurance	29,926	24,036
Permits and licenses	2,704	2,158
Accounting fees	6,000	6,000
Printing	-	208
Taxes	365	521
Total expenses	<u>298,302</u>	<u>294,696</u>
Net revenues over expenses, excluding depreciation	208,295	205,097
Depreciation expense	<u>73,906</u>	<u>75,519</u>
Net revenues over expenses, including depreciation	<u>\$ 134,389</u>	<u>\$ 129,578</u>

**Ocean Pines Association, Inc.**  
**BEACH PARKING REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	<b>2024</b>	2023
Revenues		
Parking	<u>\$ 576,154</u>	<u>\$ 567,137</u>
Expenses		
Salaries and wages	16,918	18,443
Payroll costs (taxes, health insurance, retirement, workers' compensation)	3,197	3,341
Contract services	10,107	10,878
Supplies	3,141	3,376
Insurance	4,706	2,892
Permits and licenses	-	400
Uniforms	270	38
Total expenses	<u>38,339</u>	<u>39,368</u>
Net revenues over expenses	<u>\$ 537,815</u>	<u>\$ 527,769</u>

**Ocean Pines Association, Inc.**  
**YACHT CLUB REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Food	\$ 1,952,083	\$ 2,160,384
Merchandise	32,343	46,572
Facility rental	57,352	3,133
Beverage	1,367,522	1,362,531
Total revenues	<u>3,409,300</u>	<u>3,572,620</u>
Cost of sales		
Food	681,912	763,938
Merchandise	18,219	27,149
Vendor rebates	(42,364)	(49,376)
Beverage	277,794	259,425
Total cost of sales	<u>935,561</u>	<u>1,001,136</u>
Net revenues	<u>2,473,739</u>	<u>2,571,484</u>
Expenses		
Salaries and wages	1,001,653	1,078,667
Payroll costs (taxes, health insurance, retirement, workers' compensation)	152,603	178,388
Credit card fees	83,954	80,152
Entertainment	133,879	109,060
Uniforms and linens	15,427	21,091
Contract services	16,075	15,653
China, glass, and silver	2,418	3,305
Paper goods	21,109	18,111
Printing	659	1,204
Supplies	99,209	139,871
Repairs and maintenance	55,635	56,638
Electricity	54,276	55,373
Propane gas	23,185	24,519
Refuse removal	3,782	5,481
Telephone	6,262	8,111
Water and sewer	22,106	21,716
Advertising	11,871	-
Insurance	62,084	54,277
Permits and licenses	4,510	3,802
Management fees	536,900	495,247
Taxes	7,700	11,838
Total expenses	<u>2,315,297</u>	<u>2,382,504</u>
Net revenues over expenses, excluding depreciation	158,442	188,980
Depreciation expense	<u>182,409</u>	<u>183,932</u>
Net revenues (under) over expenses, including depreciation	<u>\$ (23,967)</u>	<u>\$ 5,048</u>

**Ocean Pines Association, Inc.**  
**CLUBHOUSE GRILLE REVENUES AND EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Revenues		
Food	\$ 338,951	\$ 292,888
Beverage	281,788	250,657
Facility rental	2,245	(5,593)
Merchandise	1,583	301
Total revenues	<u>624,567</u>	<u>538,253</u>
Cost of sales		
Food	121,033	126,116
Beverage	62,866	53,455
Vendor rebates	(4,722)	(5,968)
Total cost of sales	<u>179,177</u>	<u>173,603</u>
Net revenues	<u>445,390</u>	<u>364,650</u>
Expenses		
Salaries and wages	188,243	180,978
Payroll costs (taxes, health insurance, retirement, workers' compensation)	28,106	27,848
Credit card fees	18,271	13,766
Uniforms and linens	251	-
Contract services	10,197	9,203
Paper goods	9,209	9,745
Supplies	18,380	20,857
Repairs and maintenance	14,358	12,967
Electricity	9,223	10,030
Propane gas	3,890	4,339
Refuse removal	1,210	1,563
Telephone	1,460	2,106
Water and sewer	3,241	2,727
Insurance	11,999	8,376
Accounting fees	6,000	3,000
Entertainment	741	2,450
Taxes	2,459	4,126
Permits and licenses	4,527	3,819
Total expenses	<u>331,765</u>	<u>317,900</u>
Net revenues over expenses, excluding depreciation	113,625	46,750
Depreciation expense	<u>125,844</u>	<u>124,061</u>
Net revenues under expenses, including depreciation	<u>\$ (12,219)</u>	<u>\$ (77,311)</u>

**Ocean Pines Association, Inc.**  
**RESERVE FUNDS SCHEDULE OF EXPENSES**  
**Years Ended April 30, 2024 and 2023**

	2024	2023
Expenses		
Salaries and wages	\$ 74,442	\$ 67,139
Payroll costs (taxes, health insurance, retirement, workers' compensation)	36,461	34,912
Gasoline and oil	2,154	2,741
Bulkhead repairs and maintenance	1,183,545	948,773
Canal repairs and maintenance	14,431	31,700
Equipment repairs and maintenance	3,027	58
Contract services	595	971
Electricity	2,618	2,607
Equipment rental	1,800	-
Permits and licenses	2,883	1,000
Propane gas	660	852
Refuse removal	1,288	1,160
Supplies	348	184
Telephone	115	201
Uniforms	162	194
Water and sewer	116	94
Insurance	1,001	828
	<hr/>	<hr/>
Total expenses	<b>\$ 1,325,646</b>	<b>\$ 1,093,414</b>

**Ocean Pines Association, Inc.**  
**SCHEDULE OF CHANGES IN CONTRACT LIABILITIES (ASSESSMENTS RECEIVED IN ADVANCE - RESERVE FUND)**  
**Years Ended April 30, 2024 and 2023**

	<u>Major Maintenance and Replacements</u>	<u>Buckheads 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, 2022	\$ 4,769,395	\$ 535,600	\$ 4,666	\$ 687,014	\$ 150,090	\$ 6,146,765
Transfers from Operating Fund:						
Contributions from assessments	1,710,166	1,053,850	-	-	-	2,764,016
Prior year surplus	75,000	-	700,000	-	210,000	985,000
Interest income	148,281	27,152	19,448	8,685	2,921	206,487
Restricted Contributions:						
Transfer of Casino funds	-	-	350,000	100,000	-	450,000
Transfers to Operating Fund:						
Operating expenses	-	(1,093,414)	-	-	-	(1,093,414)
Capital additions	(1,548,867)	-	(358,938)	(611,011)	(248,927)	(2,767,743)
<b>Contract liability (assessments received in advance - reserve fund), April 30, 2023</b>	<b>5,153,975</b>	<b>523,188</b>	<b>715,176</b>	<b>184,688</b>	<b>114,084</b>	<b>6,691,111</b>
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)
<b>Contract liability (assessments received in advance - reserve fund), April 30, 2024</b>	<b>\$ 5,530,993</b>	<b>\$ 320,096</b>	<b>\$ 760,265</b>	<b>\$ 390,561</b>	<b>\$ 103,226</b>	<b>\$ 7,105,141</b>

## REQUIRED SUPPLEMENTARY INFORMATION

**Ocean Pines Association, Inc.****SUPPLEMENTARY INFORMATION ON FUTURE REPAIRS AND REPLACEMENTS (UNAUDITED)****April 30, 2024**

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 2024). 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.