

FRIPP ISLAND PROPERTY OWNERS ASSOCIATION, INC.

BALANCE SHEETS

AS OF DECEMBER 31, 2010 AND 2009

	Operating Fund	Major Repairs and Replacements Fund	Bridge and Road Fund	Totals	
				2010	2009
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,886,677	\$ 411,107	\$ 240,244	\$ 2,538,028	\$ 2,412,039
Cash and cash equivalents - restricted for Hurricane Fund	194,139	-	-	194,139	188,996
Investments	-	999,648	511,425	1,511,073	1,269,477
Assessments receivable	14,558	-	1,463	16,021	9,670
Citations receivable	4,400	-	-	4,400	4,875
Due from The Fripp Island Resort	249	-	-	249	2,112
Prepaid expenses	22,117	-	3,790	25,907	169,880
Total current assets	2,122,140	1,410,755	756,922	4,289,817	4,057,049
Property and equipment					
Cost	288,638	-	-	288,638	251,379
Less accumulated depreciation	(215,174)	-	-	(215,174)	(201,555)
Net property and equipment	73,464	-	-	73,464	49,824
Total assets	\$ 2,195,604	\$ 1,410,755	\$ 756,922	\$ 4,363,281	\$ 4,106,873
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable	\$ 16,072	\$ -	\$ -	\$ 16,072	\$ 13,218
Accrued expenses	10,668	-	-	10,668	8,299
Escrow accounts	286,405	-	-	286,405	271,105
Deferred patron fees	8,907	-	-	8,907	-
Deferred assessments revenue	933,987	-	123,300	1,057,287	1,111,878
Total current liabilities	1,256,039	-	123,300	1,379,339	1,404,500
Fund balances					
Fund balances	939,565	1,464,021	644,194	3,047,780	2,970,398
Accumulated other comprehensive income (loss):					
Unrealized loss on investments	-	(53,266)	(10,572)	(63,838)	(268,025)
Total fund balances	939,565	1,410,755	633,622	2,983,942	2,702,373
Total liabilities and fund balances	\$ 2,195,604	\$ 1,410,755	\$ 756,922	\$ 4,363,281	\$ 4,106,873

The accompanying notes are an integral part of the financial statements.

FRIPP ISLAND PROPERTY OWNERS ASSOCIATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Operating Fund	Major Repairs and Replacements Fund	Bridge and Road Fund	Totals	
				2010	2009
Revenues					
Property owners assessments	\$ 1,582,717	\$ -	\$ 213,044	\$ 1,795,761	\$ 1,797,645
Citation and impound fees	9,162	-	-	9,162	12,497
Commercial user fees	155,635	-	-	155,635	178,600
Fripp Island Resort fees	67,201	-	-	67,201	65,013
Architectural review board fees	12,471	-	-	12,471	7,950
Investment income	13,985	9,489	5,763	29,237	24,537
Realized gains	-	906	942	1,848	9,177
Late charges	16,476	-	-	16,476	9,119
Property owner decals	4,155	-	-	4,155	520
Miscellaneous income	4,274	-	-	4,274	6,387
Non-property owner fees	945	-	-	945	900
Loss on disposition of fixed assets	-	-	-	-	(11,639)
Total revenues	1,867,021	10,395	219,749	2,097,165	2,100,706
Expenses					
Architectural review board expense	15,442	-	-	15,442	27,348
Project expense	7,630	-	-	7,630	12,103
Trawler expense	3,515	-	-	3,515	17,670
Communication expense	6,103	-	-	6,103	3,803
Crossover expense	33,227	-	-	33,227	19,332
Parking projects and signs	680	-	-	680	10,921
Ground maintenance expense	195,303	-	-	195,303	206,399
Insurance expense	63,651	-	-	63,651	65,842
Lakes and lagoons expense	19,933	-	-	19,933	21,941
Legal and professional fees	42,024	-	-	42,024	37,568
Road repairs and maintenance	74,278	-	-	74,278	79,686
Sundry expense	11,392	-	-	11,392	8,640
Taxes and licenses expense	7,900	-	-	7,900	8,356
Capital projects	6,318	-	-	6,318	334,375
Bridges and road expense	-	-	653,546	653,546	141,341
Administration expense	288,543	-	-	288,543	286,949
Security expense	567,557	-	-	567,557	525,329
Depreciation	22,741	-	-	22,741	26,086
Total expenses	1,366,237	-	653,546	2,019,783	1,833,689

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FRIPP ISLAND PROPERTY OWNERS ASSOCIATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Operating Fund</u>	<u>Major Repairs and Replacements Fund</u>	<u>Bridge and Road Fund</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
Excess of revenues over (under) expenses before income taxes	\$ 500,784	\$ 10,395	\$ (433,797)	\$ 77,382	\$ 267,017
Income tax expense (refund)	-	-	-	-	-
Excess of revenues over (under) expenses after income taxes	500,784	10,395	(433,797)	77,382	267,017
Transfers between funds	(213,596)	252,517	(38,921)	-	-
Beginning fund balances	<u>652,377</u>	<u>1,201,109</u>	<u>1,116,912</u>	<u>2,970,398</u>	<u>2,703,381</u>
Ending fund balances	<u>\$ 939,565</u>	<u>\$ 1,464,021</u>	<u>\$ 644,194</u>	<u>\$ 3,047,780</u>	<u>\$ 2,970,398</u>

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FRIPP ISLAND PROPERTY OWNERS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Operating Fund</u>	<u>Major Repairs and Replacements Fund</u>	<u>Bridge and Road Fund</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
Cash flows from operating activities					
Excess of revenues over (under) expenses	\$ 500,784	\$ 10,395	\$ (433,797)	\$ 77,382	\$ 267,017
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by (used in) operating activities:					
Depreciation	22,741	-	-	22,741	26,086
Loss on disposition of fixed assets	-	-	-	-	11,639
(Increase) decrease in:					
Assessments receivable	(5,788)	-	(563)	(6,351)	(9,618)
Citations receivable	475	-	-	475	(2,950)
Interest receivable	-	-	-	-	2,208
Due from The Fripp Island Resort	1,863	-	-	1,863	(1,777)
Income taxes receivable	-	-	-	-	18,202
Prepaid expenses	(4,448)	-	148,421	143,973	(141,330)
Increase (decrease) in:					
Accounts payable	2,854	-	-	2,854	(9,412)
Accrued expenses	2,369	-	-	2,369	(11,590)
Escrow accounts	15,300	-	-	15,300	97,240
Deferred patron fees	8,907	-	-	8,907	-
Deferred assessment revenue	(48,091)	-	(6,500)	(54,591)	31,584
Net cash provided by (used in) operating activities	<u>496,966</u>	<u>10,395</u>	<u>(292,439)</u>	<u>214,922</u>	<u>277,299</u>
Cash flows from investing activities					
Purchase of investments	-	(42,461)	(16,776)	(59,237)	(113,002)
Sale of investments	-	14,520	7,308	21,828	113,126
(Increase) decrease in restricted cash	(5,143)	-	-	(5,143)	(12,066)
Purchase of property and equipment	(46,381)	-	-	(46,381)	(38,997)
Net cash used in investing activities	<u>(51,524)</u>	<u>(27,941)</u>	<u>(9,468)</u>	<u>(88,933)</u>	<u>(50,939)</u>
Cash flows from financing activities					
Interfund transfers	(213,596)	252,517	(38,921)	-	-
Net cash provided by (used in) financing activities	<u>(213,596)</u>	<u>252,517</u>	<u>(38,921)</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

FRIPP ISLAND PROPERTY OWNERS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Operating Fund</u>	<u>Major Repairs and Replacements Fund</u>	<u>Bridge and Road Fund</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
Net increase (decrease) in cash and cash equivalents	\$ 231,846	\$ 234,971	\$ (340,828)	\$ 125,989	\$ 226,360
Cash and cash equivalents - beginning of year	<u>1,654,831</u>	<u>176,136</u>	<u>581,072</u>	<u>2,412,039</u>	<u>2,185,679</u>
Cash and cash equivalents - end of year	<u>\$ 1,886,677</u>	<u>\$ 411,107</u>	<u>\$ 240,244</u>	<u>\$ 2,538,028</u>	<u>\$ 2,412,039</u>

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