LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

LITCHFIELD BY THE SEA
COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

TABLE OF CONTENTS

Phillips, Currin & Company, CPA's, LLC

1064 Sea Mountain Highway, P.O. Box 3409, North Myrtle Beach, South Carolina 29582, Tele (843) 249-3334 Fax (843) 249-1088
300 West Home Avenue, Hartsville, South Carolina 29550, Tele (843) 332-3585 Fax (843) 383-8829

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Litchfield by the Sea Community Association, Inc.
Pawleys Island, South Carolina

Opinion

We have audited the accompanying financial statements of Litchfield by the Sea Community Association, Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year 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 Litchfield by the Sea Community Association, Inc. as of December 31, 2025, and the results of its operations and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Litchfield by the Sea Community Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Litchfield by the Sea Community 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.

Auditor's Responsibility 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 auditor's 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 Litchfield by the Sea Community 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 Litchfield by the Sea Community 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 14 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The comparison of actual amounts to budget on page 15, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Phillips, Carrin & Company, CPA's, LLC

June 11, 2026

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

BALANCE SHEET
DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash And Cash Equivalents	$ 593,689	$ 271,264	$ 864,953
Short Term Investments		776,202	776,202
Accrued Interest Receivable		22,138	22,138
Accounts Receivable - Members, Net	32,161		32,161
Accounts Receivable - Other	15,060		15,060
Prepaid Insurance	91,708		91,708
Due To (From) Replacement Fund	(11,453)	11,453	
TOTAL CURRENT ASSETS	721,165	1,081,057	1,802,222
LONG TERM INVESTMENTS			
Long Term Investments		1,584,989	1,584,989
TOTAL LONG TERM INVESTMENTS		1,584,989	1,584,989
PROPERTY AND EQUIPMENT, AT COST			
Land	930,974		930,974
Building And Improvements	282,530		282,530
Furniture, Fixtures, And Equipment	22,425		22,425
Total Property And Equipment	1,235,929		1,235,929
Less Accumulated Depreciation	(977)		(977)
NET PROPERTY AND EQUIPMENT ASSETS	1,234,952		1,234,952
TOTAL ASSETS	$ 1,956,117	$ 2,666,046	$ 4,622,163

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

BALANCE SHEET
DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Totals
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts Payable	$ 134,860	$	$ 134,860
Advanced Member Assessments	311,795		311,795
ARB Landscaping And Construction Deposits	49,775		49,775
Income Taxes Payable	25,705		25,705
Prepaid Beach House Fees	24,142		24,142
Current Maturities Of Long-Term Debt	49,158		49,158
TOTAL CURRENT LIABILITIES	595,435		595,435
LONG-TERM DEBT, NET OF CURRENT PORTION			
Note Payable	971,207		971,207
TOTAL LONG-TERM DEBT, NET OF CURRENT PORTION	971,207		971,207
OTHER LIABILITIES			
Contract Liability - Assessments Received In Advance - Replacement Fund		2,666,046	2,666,046
TOTAL OTHER LIABILITIES		2,666,046	2,666,046
FUND BALANCES	389,475		389,475
TOTAL LIABILITIES AND FUND BALANCES	$ 1,956,117	$ 2,666,046	$ 4,622,163

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Totals
REVENUES			
Member Assessments	$ 2,697,499	$ 242,499	$ 2,939,998
River Club Golf Course Assessments	7,400		7,400
Resident Programs Income	282,945		282,945
Property Transfer Fees	45,381		45,381
Late Fees And Fines	38,626		38,626
Beach House Usage Fees	22,680		22,680
Bar Code Fees	32,111		32,111
ARB Impact And Review Fees	900		900
Resort Fee Income	785,758		785,758
Interest Income	624	109,660	110,284
Other Income	11,349		11,349
TOTAL REVENUES	3,925,273	352,159	4,277,432
EXPENSES			
Security	920,696		920,696
Landscape Maintenance	820,530		820,530
Employee Salaries And Benefits	611,775		611,775
Common Area Maintenance	492,157	352,159	844,316
General And Administrative	170,209		170,209
Insurance	165,521		165,521
Purchased Property	163,653		163,653
Professional Services	152,683		152,683
Resident Programs	271,129		271,129
Community Outreach	80,695		80,695
Pool Facility	52,403		52,403
Beach Club	13,577		13,577
Other	3,838		3,838
TOTAL EXPENSES	3,918,866	352,159	4,271,025
Excess (Deficit) Of Revenues Over Expenses	6,407		6,407
Fund Balances - Beginning of Year	383,068		383,068
Fund Balances - End of Year	$ 389,475	$	$ 389,475

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess Of Revenues Over Expenses	$ 6,407	$	$ 6,407
Adjustments To Reconcile Excess Of Revenues Over Expenses To Net Cash Provided (Used) By Operating Activities:			
Depreciation	977		977
(Increase) Decrease In:			
Accounts Receivable - Members, Net	(19,043)		(19,043)
Accounts Receivable - Other	46,209		46,209
Accrued Interest Receivable		(2,144)	(2,144)
Prepaid Expense	288		288
Prepaid Insurance	(11,353)		(11,353)
Increase (Decrease) In:			
Accounts Payable	(16,518)	(5,300)	(21,818)
Advanced Member Assessments	183,126		183,126
ARB Landscaping And Construction Deposits	(12,000)		(12,000)
Income Taxes Payable	2,584		2,584
Prepaid Utilities Escrow	(737)		(737)
Prepaid Beach House Fees	1,140		1,140
Contract Liability - Assessments Received in Advance - Replacement Fund		378,801	378,801
Net Cash Provided (Used) By Operating Activities	181,080	371,357	552,437
CASH FLOWS FROM FINANCING ACTIVITIES			
Note Payable Repayment	(45,690)		(45,690)
(Increase) Decrease In Interfund Receivable	11,453	(11,453)	
Net Cash Provided (Used) By Financing Activities	(34,237)	(11,453)	(45,690)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases Of Property And Equipment	(22,425)		(22,425)
Redemption Of Investments		502,129	502,129
Purchases Of Investments		(671,873)	(671,873)
Net Cash Provided (Used) By Investing Activities	(22,425)	(169,744)	(192,169)

See accompanying notes to financial statements.

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC
PAWLEYS ISLAND, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

	Operating Fund	Replacement Fund	Totals
Net Increase In Cash	124,418	190,160	314,578
Cash And Cash Equivalents Balance - Beginning Of Year	469,271	81,104	550,375
Cash And Cash Equivalents Balance - End Of Year	$ 593,689	$ 271,264	$ 864,953

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid During The Year For:	
Interest	$ 68,180
Income Tax	$ 48,300

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

Litchfield by the Sea Community Association, Inc. (the "Association") is a not-for-profit association incorporated and existing under the laws of the State of Delaware, with authority to conduct business in the State of South Carolina. Litchfield by the Sea is an umbrella association for other associations located at Litchfield by the Sea Resort. The Association is responsible for properties common to individual associations located within the planned community. There are two thousand seven hundred eighty-two members. The Association began its operations on June 12, 1978.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements were prepared utilizing the accrual basis of accounting with revenues being recognized when they are billed or due and expenses being recognized when the expense is incurred.

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

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.
Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements (commonly referred to as designated reserve funds).

Member Assessments: Association members are subject to monthly 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 are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from the outstanding assessments from unit owners. The Association's policy is to retain legal counsel and to place liens on members who are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

An allowance for doubtful accounts receivable has been provided in the financial statements for those accounts management has deemed uncollectible. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balance of assessments receivable at December 31, 2025 is $47,913.

Public and Commercial Assessments: Owners of public and commercial units are subject to annual assessments based on square footage.

Golf Course Assessments: Golf course assessments are fixed assessments based on an agreement with the golf course. The assessments reimburse the Association for the use of roadways by golf course traffic.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beach/Residents Club Fees: Association members are charged for the use of the clubhouse. These revenues are presented as Beach House Usage Fees.

Resort Fees: During 2024, the Board of Directors implemented a policy aimed at short term rentals to assist in the funding of maintenance and improvements within the Association. $15 per night, capped at $210 per rental, is collected and remitted to the Association at the time of the reservation (less a $3 fee collected by the rental agents).

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 and disclosures. Accordingly, actual results could differ from those estimates.

Architectural Review Board Fees: Architectural Review Board Fees consist of impact fees, construction deposits and landscape deposits charged to developer/construction companies. The community impact fee is a non-refundable fee based on the type and duration of a construction project. The community impact is used to defray the costs of repairs to roadways and to compensate for additional security, trash and housekeeping burden placed on the Association's maintenance and security forces during the construction process. The construction and landscaping deposits are based on the type of construction project. The deposits are held in escrow until the projects are completed in accordance with community standards.

Initial Capital Assessments / Transfer Fees: Association members are charged a one-time fee to provide operating capital for the Association. These fees are collected at the real estate closing.

Property, Equipment and Accumulated Depreciation: Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. Real property purchased is recognized as an asset and being depreciated over its estimated useful life using the straight-line method. The Association will capitalize personal property to which it has title at cost and depreciation will be calculated by an accelerated method for both income tax and financial reporting. Assets are depreciated over lives of five to thirty-nine years.

Contract Liabilities (Assessments Received in Advance – Replacement Fund): The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – replacement fund is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligation related to the replacement reserve assessments (commonly referred to as designated reserve funds). The balance of contract liability (assessments received in advance – replacement fund) at December 31, 2025 is $2,666,046.

Beginning January 1, 2025, the Association began to levy a transfer fee of $900 on the sale of any property within the Association. The funds collected plus earnings thereon are transferred to the designated reserve funds for future use for beach replenishment on the Association's coastal shoreline. Total amounts contributed, including earnings, to the designated reserve funds were $367,657 at December 31, 2025.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Association maintains its cash in financial institutions, which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures the balances on deposit at each financial institution up to $250,000. At December 31, 2025, uninsured balances totaled $199,866.

NOTE 4 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 11, 2026, the date the financial statements were available to be issued.

NOTE 5 - INCOME TAXES

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the years ended December 31, 2025, the Association elected to file as a homeowners' association in accordance with Internal Revenue Section 528. As such, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners. Applicable federal and state tax rates are 30% and 5%, respectively.

Income subject to taxation	$ 896,042
Allocable expenses	738,556
Net taxable income	$ 157,486
State income tax	$ 4,988
Federal income tax, net of state tax benefit	45,719
Total income taxes	$ 50,707

NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS (COMMONLY REFERRED TO AS DESIGNATED RESERVE FUNDS)

The Association's governing documents provide that the Association maintains a reserve fund for future major repairs and replacements of the specific components of common property. As of December 31, 2025, the Association accumulated designated funds of $2,632,455, also including $22,138 of accrued interest receivable. An interfund receivable from the operating fund totaled $11,453 at December 31, 2025. These accumulated replacement funds are held in separate accounts and are generally not available for operating purposes. It is the Association's policy that interest earned on these separate cash balances is generally allocated to the designated funds. For the year ended December 31, 2025, the Association earned interest income on designated funds totaling $109,660. The designated reserve funds include a Beach Nourishment Fund which is segregated for future replenishment of the Association's coastal shoreline (see Note 2). The Board of Directors engaged a qualified professional to conduct a study to estimate the remaining useful lives and the replacement costs of common property components. The most recent Reserve Study was conducted in 2025. The Association is funding for such future major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs. Because actual expenditures may vary from estimated future expenditures, and the variations may be material, amounts designated for future major repairs and replacements may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to appropriate approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - CABLE, RECYCLING AND TRASH SERVICE ESCROW

The Association purchases recycling and trash removal services from providers on behalf of Association members. The cost of the services for the individual members is reduced because of the volume discount received by the Association. The members pay their proportionate share of the fees to the Association.

NOTE 8 - CONTINGENCIES

The Association is a party to various legal actions normally associated with homeowners' associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion would not be material to the future financial condition of the Association.

NOTE 9- LAND ACQUISITION

In 2023, the Board of Directors approved the purchase of adjacent real property in order to acquire additional common property for the benefit of the Association. An earnest deposit of $52,000 was paid by the Association to the seller. In 2024, the Association acquired the parcel of land and an adject parcel of real property totaling $1,213,504, including the initial earnest deposit. Financing for both properties totaling $1,093,500 was secured during 2024. See the following note disclosure regarding the note payable.

NOTE 10- NOTE PAYABLE

In June 2024, the Board of Directors signed a promissory note with proceeds totaling $1,093,500 in order to secure the purchase of real estate. The term of the note is one hundred eighty (180) months. The initial rate of interest is fixed for the first one hundred twenty (120) months at 6.4%. The remaining sixty (60) months of interest will be the greater of 6.4% or the daily yield curve rate on United States Treasury 5-year constant maturity rates in effect for the date of the change, plus 2%. The lender will recalculate the interest and principal payment at that time to be sufficient to repay the then unpaid principal balance. The note is collateralized by current and future regular and special assessments. The loan balance represented in the liability section of the Association's balance sheet is reflected net of loan origination costs. See previous discussion regarding the Association's land acquisition. Balance of the note at December 31, 2025 is $1,025,578 and related interest expense is $68,566 at December 31, 2025. Current maturities are as follows:

Period	Principal
2026	$ 49,158
2027	52,443
2028	55,778
2029	59,678
2030	63,668
Thereafter	744,853
Subtotal	1,025,578
Less Unamortized Debt Issuance Costs	(5,213)
Total	$ 1,020,365

NOTE 11 - INVESTMENTS

At December 31, 2025, the Association held investments in certificates of deposits and government securities that consisted of the following:

	December 31, 2025		
	Amortized Cost	Gross Unrealized Gain (Loss)	Estimated Fair Value
Short Term Investments	$ 774,151	$ 2,051	$ 776,202
Long Term Investments	1,571,232	13,757	1,584,989
Total Investments	$ 2,345,383	$ 15,808	$ 2,361,191

The amortized cost and estimated fair value of short term and long-term investments, including accrued interest, at December 31, 2025, by contractual maturity, were as follows:

	Amortized Cost	Estimated Fair Value
Due in 1 year or less	$ 774,151	$ 776,202
Due in 2-5 years	1,421,442	1,436,430
Due in 6-10 years	149,790	148,559
Total Investments	$ 2,345,383	$ 2,361,191

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Instruments: The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements to be effective for fiscal years beginning after November 15, 2007. The Statement defines fair value, establishes a framework for measuring fair value as generally accepted accounting principals ("GAAP"), and expands financial statement disclosures about fair value measurements for financial assets and liabilities. Under U.S. GAAP, the Association must disclose an estimate of the fair value of its material financial instruments (assets and liabilities).

Financial assets are cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right (1) to receive cash or another financial instrument from a second entity or (2) to exchange other financial instruments on potentially favorable terms with the second entity.

Financial liabilities are contracts that impose on one entity an obligation (1) to deliver cash or another financial instrument to a second entity or (2) to exchange other financial instruments on potentially unfavorable terms with the second entity.

In order to increase consistency and comparability in fair value measurements and related disclosure, the Statement prioritizes the valuation techniques (inputs) used to measure fair value into three broad levels, as summarized below:

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- Level 1: Inputs that are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2: Inputs that are other than quoted prices included within Level 1 that are observable for assets or liabilities, such as:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market).
  - Inputs other than quoted prices that are observable for assets or liabilities (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, an default rates).
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- Level 3: Inputs that are unobservable for assets or liabilities. Unobservable inputs are to be used to measure fair value to the extent that observable inputs are not available, allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The following tables summarize the Associations' financial instruments:

	December	Fair Value Measurements Using			Total
Description	31, 2025	Level 1	Level 2	Level 3	Gains/(Losses)
Short Term Investments	$ 776,202	$ 776,202			$ 2,051
Long Term Investments	1,584,989	1,584,989			13,757
Total Investments	$ 2,361,191	$ 2,361,191			$ 15,808

SUPPLEMENTARY INFORMATION

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31

The Association's board of directors engaged a qualified professional to conduct a study to estimate the remaining useful lives and the estimated replacement costs. The following information is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Life (Years)	Estimated Cost To Replace	Funding Requirement	Designated For Repairs/Replacements 12/31/2025
Property Site Elements				
Asphalt Pavement, Crack Repair, Patch and Seal Coat, Oceanside, Phased	3	$ 846,167	$ 31,266	$ 109,559
Asphalt Pavement, Crack Repair, Patch and Seal Coat, River Club	4	1,348,204	35,288	88,304
Asphalt Pavement, Mill and Overlay, Oceanside	6	910,888	13,102	127,141
Asphalt Pavement, Mill and Overlay, River Club, Phased	1	3,028,517	207,816	345,148
Asphalt Pavement, Total Replacement, Oceanside	24	2,972,371	8,868	500,898
Catch Basins, Inspections and Capital Repairs, Oceanside	6	32,720	471	(6,129)
Catch Basins, Inspections and Capital Repairs, River Club, Phased	1	56,876	3,903	4,178
Concrete Curbs and Gutters, Partial	29	266,452	707	10,053
Crossovers and Decks, Composite and Wood, Phased	18	2,281,168	10,413	115,825
Crossovers and Decks, Furniture, Phased	11	118,591	918	7,792
Fences, Chain Link, Phased (Incl. Wood Fence by Main Gate, 2022 Project)	23	138,097	492	7,010
Fountains, Renovations, Phased (2022 is Budgeted)	8	384,581	4,108	(52,015)
Gate Entry and Security Systems, Phased	8	985,513	10,528	72,176
Gate Operators, Phased	6	283,983	4,272	28,370
Irrigation System, Pump, 25-HP	0	221,764	15,217	51,927
Irrigation System, Pump, 75-HP	4	444,234	10,748	62,779
Irrigation System	7	578,736	6,810	83,303
Landscape, Partial Replacements (2023 is Pine Tree Removal at River Club)	0	134,287	9,215	31,444
Pipes, Subsurface Utilities, Partial	2	365,294	25,123	84,898
Ponds and Lake, Aerators, Proposed at River Club	0	124,334	8,532	29,113
Ponds and Lake, Fountains, Phased	3	534,296	19,742	66,094
Ponds and Lake, Bulkheads, Phased (2022 is Budgeted)	26	1,110,837	3,416	61,671
Shade Sails and Poles	1	135,706	9,312	31,776
Site Furniture, Benches, Phased	8	68,858	736	(211)
Sport Courts, Tennis, Color Coat, Phased (2022 Incl. Pickle Ball Conversion)	0	689,829	47,336	86,926
Sport Courts, Tennis, Fence, Phased	19	146,320	635	6,061
Sport Courts, Tennis, Light Poles and Fixtures	8	124,296	1,284	16,244
Sport Courts, Tennis, Surface Replacement, Phased	19	525,812	2,282	28,234
Building Elements				
Air Handling and Condensing Units, Split Systems, Beach House	1	186,903	12,825	28,064
Air Handling and Condensing Units, Split Systems, Guard Houses & River C	10	92,668	808	4,934
Interior Renovations, Beach House	5	208,368	3,712	30,205
Rest Rooms, Renovation, Beach House	9	36,676	334	(1,089)
Rest Rooms, Renovation, Pavilion	4	85,222	1,994	14,451
Rest Rooms and Kitchen, Renovation, River Club	2	116,019	8,022	21,093
Roofs, Metal	12	147,794	1,000	14,972
Shades, Motorized, Beach House	2	63,423	4,436	13,911
Walls, Fiber Cement Siding	29	113,675	309	(7,368)
Windows and Doors, Phased	28	275,095	820	4,558
Pool Elements				
Deck, Pavers	14	180,938	1,051	15,820
Fence, Wood	19	35,816	155	1,923
Furniture, Phased	5	124,546	2,301	14,879
Light Poles and Fixtures	5	13,276	235	2,090
Mechanical Equipment, Phased	8	104,856	1,120	4,335
Pool Finish, Plaster	4	118,529	2,842	(41,581)
Pool Finish, Tile	4	11,865	278	2,012
Structure and Deck, Total Replacement	24	1,531,383	4,906	163,680
Unallocated				380,588
		$ 22,305,783	$ 539,688	$ 2,666,046

LITCHFIELD BY THE SEA COMMUNITY ASSOCIATION, INC.
PAWLEYS ISLAND, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION ON OPERATING FUND - COMPARISON OF ACTUAL TO BUDGET
YEAR ENDED DECEMBER 31, 2025

	Actual	Budget	Variance
REVENUES			
Member Assessments	$ 3,183,799	$ 3,181,291	$ 2,508
River Club Golf Course Assessments	7,400	7,380	20
Resident Programs Income	282,945	290,484	(7,539)
Property Transfer Fees	45,381	50,000	(4,619)
Late Fees And Fines	38,626	36,000	2,626
Beach House Usage Fees	22,680	31,400	(8,720)
Bar Code Fees	32,111	35,000	(2,889)
ARB Impact And Review Fees	900	4,000	(3,100)
Resort Fee Income	785,758	600,000	185,758
Interest Income	624	20,000	(19,376)
Other Income	11,349	326,124	(314,775)
TOTAL REVENUES	4,411,573	4,581,679	(170,106)
EXPENSES			
Security	920,696	923,600	(2,904)
Landscape Maintenance	820,530	680,846	139,684
Employee Salaries And Benefits	611,775	654,360	(42,585)
Common Area Maintenance	492,157	562,008	(69,851)
General And Administrative	170,209	163,598	6,611
Insurance	165,521	166,140	(619)
Purchased Property	163,653	214,406	(50,753)
Professional Services	152,683	201,708	(49,025)
Resident Programs	271,129	290,484	(19,355)
Community Outreach	80,695	66,000	14,695
Pool Facility	52,403	66,084	(13,681)
Beach Club	13,577	24,660	(11,083)
Other	3,838	18,000	(14,162)
Designated Reserve Funding	486,300	486,300	
TOTAL EXPENSES	4,405,166	4,518,194	(113,028)
Excess (Deficit) Of Revenues Over Expenses	$ 6,407	$ 63,485	$ (57,078)