

# Bald Head Association

Bald Head Island, North Carolina

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT

**For the Year Ended December 31, 2020**

Bald Head Association  
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For the Year Ended December 31, 2020

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

Board of Directors, Bald Head Association  
Bald Head Island, NC

We have audited the accompanying financial statements of Bald Head Association which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bald Head Island Association as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information: Revenues, Expenses and Changes in Fund Balance – by location**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Revenues, Expenses and Changes in Fund Balance – by location on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of 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: Information on Future Repairs & Replacements**

Accounting principles generally accepted in the United States of America require that Information on Future Repairs & Replacements on page 14 be presented to supplement the basic financial statements. Such information, although not 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 statement 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 assurance.

**Report on Summarized Comparative Information**

We have previously audited the Bald Head Association's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of Jason C. Keller CPA PLLC in black ink.

Jason C. Keller, CPA, PLLC  
Wilmington, NC  
September 2, 2021

Bald Head Association  
**Balance Sheet**  
December 31, 2020 (with comparative totals for 2019)

	2020			2019
	Operating Fund	Repairs & Replacement Fund	Total	Total (for comparative purposes only)
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 428,488	\$ 1,048,252	\$ 1,476,740	\$ 1,277,438
Membership assessments & interest/penalties/fines receivable net of \$48,808 allowance	18,950	-	18,950	9,502
Accounts receivable net of \$7,750 allowance	163	-	163	9,535
Prepaid expenses	3,600	-	3,600	-
Total current assets	<u>451,201</u>	<u>1,048,252</u>	<u>1,499,453</u>	<u>1,296,475</u>
Land - Battery 4 creek lot	651,801	-	651,801	651,801
Property & equip., net of \$603,309 accumulated depreciation	712,348	-	712,348	650,761
Total property & equipment	<u>1,364,149</u>	<u>-</u>	<u>1,364,149</u>	<u>1,302,562</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,815,350</u></u>	<u><u>\$ 1,048,252</u></u>	<u><u>\$ 2,863,602</u></u>	<u><u>\$ 2,599,037</u></u>
<b>Liabilities and Fund Balance:</b>				
Current liabilities:				
Accounts payable	\$ 23,902	\$ -	\$ 23,902	\$ 40,903
Deferred revenue	15,080	-	15,080	17,593
Security bonds and deposits	239,000	-	239,000	215,200
Total current liabilities	<u>277,982</u>	<u>-</u>	<u>277,982</u>	<u>273,696</u>
Fund Balance				
Undesignated	173,219	-	173,219	73,148
Investment in property & equip. net of related debt	1,364,149	-	1,364,149	1,302,562
Repairs & replacement fund balance	-	1,048,252	1,048,252	949,631
<b>TOTAL FUND BALANCE</b>	<u>1,537,368</u>	<u>1,048,252</u>	<u>2,585,620</u>	<u>2,325,341</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 1,815,350</u></u>	<u><u>\$ 1,048,252</u></u>	<u><u>\$ 2,863,602</u></u>	<u><u>\$ 2,599,037</u></u>

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

Bald Head Association  
**Statements of Revenues and Expenses and Changes in Fund Balance**  
for the Year Ended December 31, 2020 (with comparative totals for 2019)

	2020			2019
	Operating Fund	Repairs & Replacement Fund	Total	Total (for comparative purposes only)
<b>Revenues:</b>				
Member assessments and fees - ordinary	\$ 708,390	\$ 216,900	\$ 925,290	\$ 818,425
Special assessment	-	-	-	224,049
Association center fees	1,600	-	1,600	7,450
Architectural review committee	104,400	-	104,400	80,280
Penalties and interest	31,498	-	31,498	10,578
Interest income	501	3,677	4,178	1,575
Gain (loss) on disposal of assets	(535)	-	(535)	-
Island report advertising	56,942	-	56,942	50,515
Boat park annual leases	33,031	-	33,031	32,621
Garden plot annual leases	1,555	-	1,555	1,617
Other income	11,729	-	11,729	844
<b>TOTAL REVENUES</b>	<b>949,111</b>	<b>220,577</b>	<b>1,169,688</b>	<b>1,227,954</b>
<b>Expenses:</b>				
Operating and administrative expenses:				
Wages	306,816	-	306,816	274,930
Health insurance expense	43,887	-	43,887	51,240
Payroll taxes	23,742	-	23,742	21,071
Pension plan	6,973	-	6,973	5,658
Other employee benefits	5,190	-	5,190	5,167
Transportation	13,669	-	13,669	28,570
Payroll processing fee	2,487	-	2,487	2,870
Computer & software expense	25,612	-	25,612	19,556
Other administrative	4,537	-	4,537	7,959
Management fees	-	-	-	1,380
Bank charges	618	-	618	968
Bad debt	21,054	-	21,054	10,751
Equipment lease & repairs	3,118	-	3,118	2,623
Exterminator services	3,585	-	3,585	-
Assessment expense	1,455	-	1,455	1,497
Office supplies	4,623	-	4,623	2,705
Office postage	1,815	-	1,815	1,461
Communications media expense	10,136	-	10,136	5,657
Consulting	10,953	-	10,953	2,105
Miscellaneous	250	-	250	210
Total operating and admin. exp.	490,520	-	490,520	446,378
Depreciation	41,567	-	41,567	42,764
Association Center				
Repairs and maintenance	41,013	-	41,013	38,913
Utilities	17,155	-	17,155	12,699
Interest expense	-	-	-	2,755
Taxes - property	17,850	-	17,850	16,686
Association Center building insurance	13,820	-	13,820	14,331
Member services	26	-	26	812
Total association center	89,864	-	89,864	86,196
Other service areas				
Common area & reserve expense	165,611	40,929	206,540	238,616
Committees	6,310	-	6,310	7,976
Island report	23,759	-	23,759	25,562
Boat park	3,838	-	3,838	6,029
Battery Park - maintenance	1,925	-	1,925	2,589
Insurance	10,972	-	10,972	8,556
Audit and accounting	9,200	-	9,200	4,000
Legal	27,114	-	27,114	19,553
	248,729	40,929	289,658	312,881
<b>TOTAL EXPENSES</b>	<b>870,680</b>	<b>40,929</b>	<b>911,609</b>	<b>888,219</b>
<b>Revenues over expenses</b>	<b>78,431</b>	<b>179,648</b>	<b>258,079</b>	<b>339,735</b>
Fund Balances:				
Beginning Fund Balance	1,375,710	949,631	2,325,341	1,985,606
Prior period adjustment	(10,598)	12,798	2,200	-
Purchase of fixed assets from Reserves	10,058	(10,058)	-	-
Transfer to/from Operating Fund	83,767	(83,767)	-	-
Ending Fund Balance	<u>\$ 1,537,368</u>	<u>\$ 1,048,252</u>	<u>\$ 2,585,620</u>	<u>\$ 2,325,341</u>

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

Bald Head Association  
**Statement of Cash Flows**  
for the Year Ended December 31, 2020 (with comparative totals for 2019)

	2020			2019
	Operating Fund	Repairs & Replacement Fund	Total	Total (for comparative purposes only)
Cash flows from Operating Activities:				
Revenues over (under) expenses	\$ 78,431	\$ 179,648	\$ 258,079	\$ 339,735
Adjustments to reconcile revenues over(under) expenses to net cash provided (used) by operating activities				
Depreciation and amortization	41,567	-	41,567	42,764
Loss on disposal of recorded assets	535	-	535	-
Prior period adjustment	(10,598)	12,798	2,200	-
Transfers between funds	83,767	(83,767)	-	-
(Increase) decrease in:				
Assessments & interest/penaltis/fines receivable	(9,448)	-	(9,448)	18,470
Accounts receivable	9,372	-	9,372	(2,496)
Prepays	(3,600)	-	(3,600)	2,074
Increase (decrease) in:				
Accounts payable	(17,001)	-	(17,001)	25,656
Accrued interest payable	-	-	-	(6,373)
Deferred revenue	(2,513)	-	(2,513)	(5,653)
Security bonds and deposits	23,800	-	23,800	12,700
Net Cash provided (used) by Operating Activities	194,312	108,679	302,991	426,877
Cash flows from Investing Activities:				
Purchase of fixed assets	(93,631)	(10,058)	(103,689)	(33,906)
Net Cash provided (used) by Investing Activities	(93,631)	(10,058)	(103,689)	(33,906)
Cash flows from Financing Activities				
Mortgage principal payments - Battery 4	-	-	-	(200,000)
Net Cash provided (used) by Financing Activities	-	-	-	(200,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	100,681	98,621	199,302	192,971
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	327,807	949,631	1,277,438	1,084,467
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 428,488	\$ 1,048,252	\$ 1,476,740	\$ 1,277,438

Supplemental information:

Interest paid in 2020: \$0

Income taxes paid in 2020: \$0

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

Bald Head Association  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 1: NATURE OF THE ORGANIZATION**

Bald Head Association, Bald Head Island, North Carolina is a homeowners association incorporated as a non-profit corporation in the State of North Carolina in April 1982. Merger of operations with Bald Head Island Stage II Association on January 2, 2018 greatly expanded the properties under the jurisdiction of Bald Head Association. The primary purpose of the Association is to provide for beautification, maintenance, preservation, and architectural control of the exterior of the single family homes, multi-family units and non-residential areas, the residence lots, assessable properties and the common areas within certain tracts located on Bald Head Island, North Carolina.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Member Assessments and Receivables**

Property owners are subject to annual assessments to provide funds for the Association's operating expenses and special assessments for capital improvements. Assessment receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The Association's by-laws provide for its board of directors to enforce liens on the property whose assessments are thirty days or more delinquent or to bring an action of law against the owner. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There were no write offs to the valuation allowance for membership receivables for the year ended December 31, 2020. The valuation allowance for uncollectible membership receivables is \$48,808 at December 31, 2020.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Association considers all highly liquid investments (including money market funds) with original maturities of six months or less to be cash equivalents.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property, Equipment and Depreciation**

Common property reported within the Association's financial statement such as the Association Center building and personal property acquired by the Association is capitalized at cost. All capitalized property and equipment is depreciated using the straight line method over the estimated useful life of the asset. Depreciation expense totaled \$41,567 for the year ended December 31, 2020.

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statement because those properties were transferred to the Association at the final basis in the hands of the developer, which was zero. The real property and common areas that are not recorded in the Association's financial statements include certain right-of-ways, buffer zones, and green belts.

Real property obtained after December 31, 2015 has been capitalized at cost and includes 1.3 acres of land referred to as Battery 4 Creek Lot.



Bald Head Association  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Accounting**

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, to be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of management or the board of directors. Disbursements from the repairs and replacement fund generally may be made only for designated purposes.

The Association management has made the following designations of fund balance:

Undesignated - portion of total fund balance available for future budgetary appropriations.

Investments in Fixed Assets, net of Related Debt – portion of fund balance not considered available for future budgetary appropriations as it is generated by the undepreciated value of fixed assets previously purchased, net of related debt.

Repairs and Replacement Fund Balance - portion of the total fund balance that has been designated in the budget to fund future major repairs and replacements.

**Subsequent Events**

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 2, 2021, the approximate date the financial statements were available to be issued.

**NOTE 3: FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing body has determined that funds should be accumulated for future major repairs and replacements. Accumulated funds are to be placed in separate savings accounts and generally are not available for expenditures for normal operations.

The Board of Directors conducted a study in December 2020 in order to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on the study.

Management of the Association evaluates replacement cost needs in the yearly budget to project the remaining useful lives and the replacement costs of common property components. Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the fund balance designated for future major repairs and replacements may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, levy special assessments (membership approval may be needed depending on the amount), or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

Current year activity in the Repairs and Replacements Fund is as follows:

Balance 1/1/2020	\$ 949,631
Current year additions from assessments	216,900
Current year interest	3,677
Prior period adjustments	12,798
Release of assets for current year upgrades & purchases or Board of Directors authorizations	<u>( 134,754 )</u>
Balance 12/31/20	\$ <u>1,048,252</u>

Bald Head Association  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 4: ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at December 31, 2020.

Island Report Advertising	\$ 7,913
Less: Allowance for doubtful accounts	<u>(7,750)</u>
	\$ <u>163</u>

While the Association intends to aggressively pursue all amounts owed an allowance for doubtful accounts of \$7,750 has been recorded for the possibility of uncollectible accounts receivable.

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost and consist of the following at December 31, 2020:

Land – Battery 4 creek lot	\$ 651,801
Buildings	889,180
Improvements	261,133
Furniture and fixtures	27,535
Equipment	<u>137,809</u>
	1,967,458
Less accumulated depreciation	<u>( 603,309)</u>
	\$ <u>1,364,149</u>

**NOTE 6: OPERATING LEASE COMMITMENTS**

The Association leases a Club Car under what is considered an operating lease. Rental expense related to the lease is \$2,880 for the year ended December 31, 2020 Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2021	\$ <u>2,880</u>

**NOTE 7: DEFERRED REVENUE**

Deferred revenue consists of advanced payments of assessments and fees for future periods and totaled \$15,080 on December 31, 2020.

**NOTE 8: DEPOSITS**

The Association requires a \$500 repair and cleaning deposit to be made in order for the rental use of its Association Center building. Inspection of the building after use is made, and the deposit is returned if the building is in satisfactory condition. As of December 31, 2020, \$1,500 in deposits are being held by the Association.

The Association also requires construction deposits to ensure construction is completed within the two year mandated time frame. The deposit is returned at the completion of construction if there are no violations. As of December 31, 2020, \$237,500 in construction deposits are being held by the Association.

Bald Head Association  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 9: LINE OF CREDIT**

The Association has an existing line-of-credit with a regional financial institution in the amount of \$100,000. As of December 31, 2020, \$0 was outstanding on the line. Interest accrues at 4.75% and is due monthly. The line of credit expires December 15, 2021.

**NOTE 10: UNINSURED CASH BALANCES**

The Association maintains its checking and savings cash balances with two regional financial institutions located in North Carolina. Checking and savings accounts are secured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured checking and savings balances are \$850,303 at December 31, 2020.

The Association maintains a money market fund held by a national brokerage firm. Money market funds held in a brokerage account are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. There are no uninsured balances held in the money market fund at December 31, 2020.

**NOTE 11: INCOME TAXES**

The Association may be taxed either as a homeowners association or as a regular corporation. For 2020 the Association elected to file as a homeowners association using Form 1120-H under Internal Revenue Code Section 528. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the beautification, preservation, management, maintenance, and architectural control of Association property. Net nonexempt function income, which includes interest, and rents is taxed at 30% by the federal government and at the regular corporate rate by the State of North Carolina. Certain expenses were directly related to or allocated to offset taxable income. 2020 income tax expense related to continuing operations totaled \$250.

For state tax purposes the association filed form CD-405 (Corporate Tax Return) for the year ended December 31, 2020 and the tax owed was \$0.

Tax returns remain subject to examination by taxing authorities for a period of 3 years. At December 31, 2020 tax returns for calendar years 2017, 2018 and 2019 remain “open” to possible examination.

**NOTE 12: COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association’s financial statements for the year ended December 31, 2019, from which the summarized information was derived. Certain prior year revenue and/or expense accounts may have been consolidated or expanded in order to better conform with current year presentation.

Bald Head Association  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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**NOTE 13: RELATED PARTY DISCLOSURE**

A board member of the Association owns a local business and purchases advertising in the Island Report. The advertising income from the related party totaled \$3,750 for the year ended December 31, 2020 and corresponds to the same fee schedule charged to unrelated customers.

**NOTE 14: IMPACT OF COVID-19 PANDEMIC and SUBSEQUENT EVENTS**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. On March 17, 2020, in response to the COVID-19 pandemic, the Association began operating with limited office hours and greatly reduced public access. Since March 2020 the Association has increased public access in compliance with recommended safety measures.

The extent of the 2020 revenue impact of COVID-19 on the Association’s operations mostly is limited to the cancellation of various events affecting association center rental fees. The pandemic also created unforeseen expenses related to adjusting working environments and implementing safety measures.

Management continues to monitor the impact of COVID-19 and believes the Association is taking appropriate actions to mitigate any remaining negative impact but it is unknown how long adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Association.

**Bald Head Association**  
**Revenues, Expenses, Changes in Fund Balance - by location**  
**For the Year Ended December 31, 2020**

	Master	Palmetto Cove	The Grove	Cedar Court	Palm Court	Braemar Highlands	Loggerhead Trail	Cape Fear Station	Keeper's Landing	Surfman's Walk	Sumner's Crescent	TOTAL
<b>Operating Fund</b>												
<b>Revenues</b>												
Assessments	519,569.00	1,273.00	4,142.00	-	-	-	3,125.00	22,667.00	86,926.08	40,441.00	30,247.04	708,390.12
Fees & Other	240,227.45	-	-	-	-	-	(8.00)	-	-	-	-	240,219.45
Interest Income	502.00	-	-	-	-	-	-	-	-	-	-	502.00
<b>Total Revenues</b>	<b>760,298.45</b>	<b>1,273.00</b>	<b>4,142.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,117.00</b>	<b>22,667.00</b>	<b>86,926.08</b>	<b>40,441.00</b>	<b>30,247.04</b>	<b>949,111.57</b>
<b>Management Fees</b>	<b>33,893.00</b>	<b>(616.00)</b>	<b>(137.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(297.00)</b>	<b>(5,525.00)</b>	<b>(13,659.00)</b>	<b>(7,805.00)</b>	<b>(5,854.00)</b>	<b>-</b>
<b>Other Expenditures</b>	<b>(722,820.13)</b>	<b>(629.00)</b>	<b>(1,000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50.00)</b>	<b>(4,600.00)</b>	<b>(74,553.47)</b>	<b>(40,903.37)</b>	<b>(26,124.07)</b>	<b>(870,680.04)</b>
Net Operating Fund Surplus (Deficit)	71,371.32	28.00	3,005.00	-	-	-	2,770.00	12,542.00	(1,286.39)	(8,267.37)	(1,731.03)	78,431.53
<b>Fund Balance, Beginning - Operating</b>	<b>1,331,137.90</b>	<b>1,185.17</b>	<b>1,011.04</b>	<b>333.96</b>	<b>1,508.67</b>	<b>(66.51)</b>	<b>1,250.88</b>	<b>10,479.56</b>	<b>15,483.98</b>	<b>9,187.01</b>	<b>4,198.34</b>	<b>1,375,710.00</b>
Transfers from reserves	75,000.00	-	-	-	-	-	-	-	-	6,075.00	2,692.00	83,767.00
Reserve purchase of fixed assets	10,058.00	-	-	-	-	-	-	-	-	-	-	10,058.00
Prior period adjustment	(10,598.31)	-	-	-	-	-	-	-	-	-	-	(10,598.31)
<b>Fund Balance, Ending - Operating</b>	<b>1,476,968.91</b>	<b>1,213.17</b>	<b>4,016.04</b>	<b>333.96</b>	<b>1,508.67</b>	<b>(66.51)</b>	<b>4,020.88</b>	<b>23,021.56</b>	<b>14,197.59</b>	<b>6,994.64</b>	<b>5,159.31</b>	<b>1,537,368.22</b>
<b>Reserve Fund</b>												
<b>Revenues</b>												
Assessments	24,276.00	12,349.00	19,938.00	-	-	-	9,195.00	102,848.00	36,493.92	7,599.00	4,200.96	216,899.88
Interest Income	936.05	171.93	140.09	6.37	12.74	9.55	22.29	1,884.82	310.33	136.03	46.35	3,676.55
	25,212.05	12,520.93	20,078.09	6.37	12.74	9.55	9,217.29	104,732.82	36,804.25	7,735.03	4,247.31	220,576.43
<b>Expenditures</b>	<b>(4,149.40)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,413.60)</b>	<b>(35,365.52)</b>	<b>-</b>	<b>-</b>	<b>(40,928.52)</b>
<b>Asset Acquisition</b>	<b>(10,058.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,058.00)</b>
Net Reserve Fund Surplus (Deficit)	11,004.65	12,520.93	20,078.09	6.37	12.74	9.55	9,217.29	103,319.22	1,438.73	7,735.03	4,247.31	169,589.91
<b>Fund Balance, Beginning - Reserve</b>	<b>250,198.96</b>	<b>35,710.75</b>	<b>19,762.28</b>	<b>1,509.90</b>	<b>3,586.34</b>	<b>2,570.15</b>	<b>(2,918.75)</b>	<b>430,125.38</b>	<b>113,568.21</b>	<b>67,233.91</b>	<b>28,283.63</b>	<b>949,630.76</b>
Transfer to operating	(75,000.00)	-	-	-	-	-	-	-	-	(6,075.00)	(2,692.00)	(83,767.00)
Prior period adjustment	13,236.31	-	-	-	-	-	(438.00)	-	-	-	-	12,798.31
<b>Fund Balance, Ending - Reserve</b>	<b>199,439.92</b>	<b>48,231.68</b>	<b>39,840.37</b>	<b>1,516.27</b>	<b>3,599.08</b>	<b>2,579.70</b>	<b>5,860.54</b>	<b>533,444.60</b>	<b>115,006.94</b>	<b>68,893.94</b>	<b>29,838.94</b>	<b>1,048,251.98</b>
<b>Total Fund Balance</b>	<b>1,676,408.83</b>	<b>49,444.85</b>	<b>43,856.41</b>	<b>1,850.23</b>	<b>5,107.75</b>	<b>2,513.19</b>	<b>9,881.42</b>	<b>556,466.16</b>	<b>129,204.53</b>	<b>75,888.58</b>	<b>34,998.25</b>	<b>2,585,620.20</b>

**Bald Head Association**  
**Information on Future Major Repair and Replacements**  
**December 31, 2020**  
**Unaudited**

An independent contractor conducted a study in December 2020 to estimate the remaining useful lives and repair and replacement costs of the components on common property owned or managed by Bald Head Association. The following information is based on the study and presents significant information about the components on common property owned or managed by the Association.

<b>Component</b>	<b>As of December 2020</b>		
	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Future Replacement Cost</b>	<b>Fund Balance at Year End</b>
Aluminum Ramp	23	\$ 8,400	\$ 3,510
Dock Wood Pilings	30	40,920	9,616
Dock & Pier	12-15	417,111	87,816
Fence - Chain Link	8	44,057	-
Fence - Woven Wire	3	5,245	-
Fences & Gates - Wood	3-12	89,500	73,247
Gazebos & Benches	13-33	71,028	22,917
Lighting - Walkway	2	6,800	3,319
Mulch Path	10	4,935	842
Pavers & Sidewalks	12-25	181,615	33,572
Retaining & Tabby Walls	19-25	170,521	42,470
Roads - Asphalt Mill & Overlay	0-25	619,673	508,329
Roads - Asphalt Seal & Repair	6	15,694	1,823
Roads - Gravel	16	20,000	-
Signage	10-15	28,070	8,109
Signage w/Fencing	4-10	22,326	10,290
Walkway, Trellis & Bridges (Wood)	12-13	732,385	111,560
Wood Decking	14-15	222,530	36,123
Audio Visual Equipment	8	10,000	1,551
Doors & Windows	10	138,840	21,527
Exterior Siding	10	141,050	21,870
Fire Alarm System	11	11,625	1,802
Fire Sprinkler Repair & Upgrade	2	11,112	1,723
Flooring - Carpet & Hardwood	3	25,777	3,997
HVAC	6-14	60,006	9,303
Kitchen - Refurbish	13	19,840	3,076
Paint - Interior	9	54,275	8,415
Paint & Waterproofing - Exterior	3	33,800	5,241
Rain Gutters	28	5,487	851
Restroom - Refurbish	7	62,000	9,613
Roof	15	37,021	5,740
		<b>\$ 3,311,643</b>	<b>\$ 1,048,252</b>