

Audited Financial Statements and  
Supplementary Information

**KINGSTON PLANTATION  
MASTER ASSOCIATION, INC.**

Years Ended December 31, 2023 and 2022

**KINGSTON PLANTATION MASTER ASSOCIATION, INC.**

**AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2023 and 2022

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**Wayne E. Fussaro**  
*Certified Public Accountant*  
1015 Surf Pine Drive  
Surfside Beach, SC 29575  
(843) 712-2704  
wfussaro@wefcpa.com  
www.wefcpa.com

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Kingston Plantation Master Association, Inc.  
Myrtle Beach, South Carolina

**Opinion**

I have audited the accompanying financial statements of Kingston Plantation Master Association, Inc., which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of revenues and expenses and changes in fund balances and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kingston Plantation Master Association, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Kingston Plantation Master Association, Inc. and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to the audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Responsibilities of Management 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, 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 Kingston Plantation Master Association, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

(continued on next page)

## INDEPENDENT AUDITOR'S REPORT (Continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I:

- 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 Kingston Plantation Master 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kingston Plantation Master Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Wayne E. Fussaro, CPA*

Surfside Beach, South Carolina

March 27, 2024

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

BALANCE SHEETS

December 31, 2023 and 2022

	Operating Fund	Reserve Fund	2023 Totals	2022 Totals
<b><u>ASSETS</u></b>				
Cash & cash equivalents	\$ 1,160,727	\$ 2,353,703	\$ 3,514,430	\$ 3,393,099
Assessments & other amounts receivable	75	-	75	-
Prepaid insurance	24,715	-	24,715	24,843
Utility deposits	2,220	-	2,220	2,220
	<u>2,220</u>	<u>-</u>	<u>2,220</u>	<u>2,220</u>
<b>Total assets</b>	<b><u>\$ 1,187,737</u></b>	<b><u>\$ 2,353,703</u></b>	<b><u>\$ 3,541,440</u></b>	<b><u>\$ 3,420,162</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Accounts & other amounts payable	\$ 88,485	\$ 8,640	\$ 97,125	\$ 32,845
Income taxes payable	5,617	-	5,617	-
Construction deposits	18,000	-	18,000	18,000
Golf cart parking deposits	-	-	-	19,650
Deferred revenue - cable & internet contract	441,340	-	441,340	500,400
Assessments received in advance - operating	12,825	-	12,825	13,518
Contract liabilities (assessments received in advance-reserve fund)	-	2,345,063	2,345,063	2,273,432
	<u>-</u>	<u>2,345,063</u>	<u>2,345,063</u>	<u>2,273,432</u>
<b>Total liabilities</b>	<b>566,267</b>	<b>2,353,703</b>	<b>2,919,970</b>	<b>2,857,845</b>
<b>Fund balances</b>	<b><u>621,470</u></b>	<b><u>-</u></b>	<b><u>621,470</u></b>	<b><u>562,317</u></b>
<b>Total liabilities &amp; fund balances</b>	<b><u>\$ 1,187,737</u></b>	<b><u>\$ 2,353,703</u></b>	<b><u>\$ 3,541,440</u></b>	<b><u>\$ 3,420,162</u></b>

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

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES

Years Ended December 31, 2023 and 2022

	Operating Fund	Reserve Fund	2023 Totals	2022 Totals
<b><u>Revenues</u></b>				
Regular assessments	\$ 2,341,439	\$ 400,000	\$ 2,741,439	\$ 2,692,329
FASB ASC 606	-	(71,631)	(71,631)	168,471
Golf cart parking project	-	44,700	44,700	-
Cable TV assessments	688,800	-	688,800	324,000
Cable & internet contract revenue	59,060	-	59,060	59,060
Interest / investment income	6,767	53,445	60,212	1,527
Rental income	20,837	-	20,837	19,845
Decal / sticker revenues	127,293	-	127,293	122,995
Bike rally parking fee revenues	5,338	-	5,338	20,843
Other revenues	10,719	-	10,719	10,458
	<u>3,260,253</u>	<u>426,514</u>	<u>3,686,767</u>	<u>3,419,528</u>
<b>Total revenue</b>				
<b><u>Expenses</u></b>				
<b>Repairs &amp; maintenance</b>				
General maintenance & materials	117,986	-	117,986	121,730
Irrigation maintenance	8,858	-	8,858	9,356
Janitorial supplies	2,157	-	2,157	1,777
Lake maintenance	13,200	-	13,200	9,540
Landscape contract	1,007,988	-	1,007,988	966,008
Landscape maintenance & supplies	79,916	-	79,916	88,026
Maintenance staff	226,833	-	226,833	208,058
Parking area maintenance	645	-	645	916
Pest control	23,450	-	23,450	23,228
Pool maintenance, supplies, & equipment	22,018	-	22,018	19,142
	<u>1,503,051</u>	<u>-</u>	<u>1,503,051</u>	<u>1,447,781</u>
<b>Total repairs &amp; maintenance</b>				
<b>General &amp; administrative</b>				
Management services	239,482	-	239,482	209,710
Accounting services	5,025	-	5,025	4,600
Legal & professional services	6,730	-	6,730	10,900
Insurance expense	63,695	-	63,695	46,907
Office supplies & administrative expenses	37,414	-	37,414	34,593
	<u>352,346</u>	<u>-</u>	<u>352,346</u>	<u>306,710</u>
<b>Total general &amp; administrative</b>				

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

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES (continued)

Years Ended December 31, 2023 and 2022

	Operating Fund	Reserve Fund	2023 Totals	2022 Totals
<b><u>Expenses (continued)</u></b>				
<b>Utilities</b>				
Electricity	63,746	-	63,746	70,196
Water & sewer	10,309	-	10,309	15,177
Trash removal	36,876	-	36,876	28,706
Telephone	3,651	-	3,651	4,030
High speed internet access	353,298	-	353,298	3,809
Cable television	346,269	-	346,269	328,574
<b>Total utilities</b>	<u>814,149</u>	<u>-</u>	<u>814,149</u>	<u>450,492</u>
<b>Other expenses (income)</b>				
Contract security	480,975	-	480,975	467,871
Bike rally parking fee expenses	21,986	-	21,986	35,924
Holiday decorations	2,091	-	2,091	4,363
Storm damage repairs	-	-	-	10,301
Taxes & licenses	26,502	-	26,502	19,056
<b>Total other expenses (income)</b>	<u>531,554</u>	<u>-</u>	<u>531,554</u>	<u>537,515</u>
<b>Major repairs &amp; replacements</b>				
Building and other common property repairs and replacements	-	426,514	426,514	569,571
<b>Total major repairs &amp; replacements</b>	<u>-</u>	<u>426,514</u>	<u>426,514</u>	<u>569,571</u>
<b>Total expenses</b>	<u>3,201,100</u>	<u>426,514</u>	<u>3,627,614</u>	<u>3,312,069</u>
<b>Excess of revenues over expenses</b>	59,153	-	59,153	107,459
<b>Beginning fund balances</b>	<u>562,317</u>	<u>-</u>	<u>562,317</u>	<u>454,858</u>
<b>Ending fund balances</b>	<u>\$ 621,470</u>	<u>\$ -</u>	<u>\$ 621,470</u>	<u>\$ 562,317</u>

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

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	Operating Fund	Reserve Fund	2023 Totals	2022 Totals
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities:</b>				
Excess of revenues over expenses	\$ 59,153	\$ -	\$ 59,153	\$ 107,459
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
(Increase) decrease in:				
Assessments & other amounts receivable	(75)	-	(75)	30,306
Prepaid insurance	128	-	128	(6,049)
Utility deposits	-	-	-	(2,000)
Increase (decrease) in:				
Accounts & other amounts payable	55,640	8,640	64,280	489
Income taxes payable	5,617	-	5,617	-
Construction deposits	-	-	-	5,000
Golf cart parking deposits	(19,650)	-	(19,650)	19,650
Assessments received in advance - operating	(693)	-	(693)	(32,785)
Deferred revenue	(59,060)	-	(59,060)	220,140
Contract liabilities (assessments received in advance-reserve fund)	-	71,631	71,631	(168,471)
	<u>41,060</u>	<u>80,271</u>	<u>121,331</u>	<u>173,739</u>
<b>Net cash provided by operating activities</b>				
Cash & cash equivalents, beginning of year	<u>1,119,667</u>	<u>2,273,432</u>	<u>3,393,099</u>	<u>3,219,360</u>
<b>Cash &amp; cash equivalents, end of year</b>	<u>\$ 1,160,727</u>	<u>\$ 2,353,703</u>	<u>\$ 3,514,430</u>	<u>\$ 3,393,099</u>
<b>Supplementary cash flow information</b>				
Cash paid during the year for:				
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

# KINGSTON PLANTATION MASTER ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1 - NATURE OF ORGANIZATION

Kingston Plantation Master Association, Inc. (the Association) is a statutory association incorporated and existing under the laws of the state of South Carolina. The Association is responsible for maintaining and preserving common property, enforcing rules for mutual benefit, and providing other common services to the Kingston Plantation. The Association is the master association for the fourteen (14) subordinate regimes located within the Kingston Plantation, a resort development in Myrtle Beach, South Carolina, consisting of 1,643 residential and commercial units. The Association began its operation in 1986.

### 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 27, 2024, the date that the financial statements were available to be issued.

### 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The Association has elected to report its revenues and expenses on the accrual basis. Consequently, revenues and expenses are recognized when the revenues are earned rather than when received and when the expenses are incurred rather than when paid.

#### Fund Accounting

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 specific funds established according to their nature and purpose. The Association's funds are separated between operating funds and funds for future major repairs and replacements. Operating disbursements are made generally at the discretion of the Board of Directors and the Association's property management company. Replacement funds have been set aside for a specific purpose and are to be disbursed accordingly.

#### Assessments Received in Advance – Operating Fund

Assessments received in advance in the operating fund at December 31, 2023 and 2022 represents payments received in advance for homeowners' operating assessments. These advance payments will be recognized as revenue in the months in which they are earned.

#### Contract Liabilities (Assessments received in advance-reserve fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-reserve fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

#### Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand and money market deposits along with investments in government and agency bonds. The Association considers all certificates of deposit with original maturities of less than one hundred twenty (120) days to be cash equivalents.

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fair Value of Financial Instruments

The Association's financial instruments are cash and cash equivalents, including amounts invested in US treasury bonds with maturities ranging from three (3) months to one (1) year. The Association has elected to record these investments at cost and recognize the interest / investment income at maturity.

FASB codification Topic 820-10 on *Fair Value Measurements* (FASB 820-10) establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Organization uses the following valuation techniques to measure fair value for its assets and liabilities:

- Level 1 – quoted market prices in active markets for identical assets or liabilities;
- Level 2 – observable inputs other than level 1 including quoted prices for similar assets or liabilities, quoted market prices in less active markets, or other observable inputs that can be corroborated by observable market data;
- Level 3 – unobservable inputs for the asset or liability, which are valued based on management's estimates of assumptions that market participants would use in the pricing of the asset or liability.

Member Assessments

Sub 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 is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the reserve 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 outstanding assessments from sub associations and other amounts owed to the Association. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are ninety days or more delinquent. The Association has not recorded an allowance for doubtful accounts at December 31, 2023 and 2022. The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained included consideration of past experience and susceptibility to factors outside of the Association's control.

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. Those properties are owned by the individual unit owners in common and dedicated for the use of the entire community. These common areas cannot be sold separately and thus have no fair market value other than that related to their intended use. All expenditures for real property common elements and improvements are reflected as an expense in the period incurred. Common property elements not recognized as assets in the financial statements consist primarily of access pool elements, landscaping, property and other common areas.

**4 - RECLASSIFICATIONS**

Certain reclassifications may have been made to the prior year financial statements in order for them to be in conformity with current year presentation.

**5 - COMMITMENTS & CONTINGENCIES**

The Association is a party to various legal actions normally associated with homeowner 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.

From time to time, the Association may enter into contracts with vendors, towards the end of the calendar year. Some of these contracts may call for a down-payment to begin the job, and payments as the work progresses. The Association recognizes these expenses as the work is completed and billed by the contractor.

**6 - INCOME TAXES**

Under the provisions of the Internal Revenue Code, the Association is allowed to elect each year to file as an eligible Section 528 homeowner's association, thereby excluding exempt function income from taxation, or file as an ordinary taxable corporation. Under Section 528, the Association is taxed on its net nonexempt function income, which consists primarily of interest, rental and vending income, at a flat rate of 30% by the federal government and at 5% by the State of South Carolina. Income related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property, is not taxable. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal and state income tax returns generally remain open to examination by the Internal Revenue Service and the South Carolina Department of Revenue for three (3) years after they were filed. In evaluating the Association's tax calculations, the Association believes that its estimates are appropriate based on current facts and circumstances.

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**7 - MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated net funds, which total \$2,345,063 and \$2,273,432 at December 31, 2023 and 2022, respectively, are presented on the accompanying balance sheets as a contract liability (assessments received in advance – reserve fund) and are held in separate accounts and generally not available for operating purposes. However, these funds may be used, as needed, for any Association purpose at the discretion of the Board of Directors.

During 2022, the Association engaged an outside engineering firm to conduct a study to estimate the remaining useful lives and replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on estimates of current replacement costs, considering amounts previously designated for future repairs and replacements. The estimates for current replacement costs include a provision for the future effects of inflation. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to board approval, to increase regular assessments or to levy a special assessment to supplement previously budgeted funds.

**8 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Association to concentration of credit risk consist of cash and cash equivalents, money market accounts and US treasury bonds. Cash and cash equivalent balances on deposit at financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The FDIC does not insure US treasury bonds but these investments are backed by the full faith and credit of the United States Government. While not an agency of the United States government like the FDIC, the Securities Investor Protection Corporation (SIPC) insures accounts (not the underlying investments) up to a maximum of \$500,000.

As of December 31, 2023 and 2022, cash in the Association's financial institutions exceeded the federally insured limit. However, balances often fluctuate during the year, depending on the cash flow needs of the Association, and may exceed the \$250,000 limit at times. Management monitors the financial condition of the banking institutions to minimize the risk of loss due to uninsured balances.

**9 - MANAGEMENT COMPANY**

Maintenance personnel employed by the management company provide contract building, grounds and other maintenance services to the Association. Payments to the management company for these services amounted to \$226,833 and \$208,058 for the years ended December 31, 2023 and 2022, respectively.

The Association also reimburses the management company for items such as postage, office supplies, printing, and other maintenance items. Reimbursements totaled \$54,441 and \$55,727 for the years ended December 31, 2023 and 2022, respectively.

**10 - ASSESSMENTS**

Regular monthly assessments to the fourteen (14) subordinate regimes ranged from \$278 to \$45,517 in 2023 and \$273 to \$39,321 in 2022. At December 31, 2023 and 2022, all assessments and other amounts receivable have been collected in full or are considered to be fully collectible and the Association does not recognize an allowance for doubtful accounts or bad debt expense for the years then ended.

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**11 - CONSTRUCTION DEPOSITS**

The Association's Architectural Standards Committee (ASC) collects construction deposits from their subordinate regimes who are undergoing major repairs and replacements. Upon completion of the subordinate regimes' projects and approval of the ASC, the amounts can be returned. At December 31, 2023 and 2022, the Association recognizes construction deposits of \$18,000, at each year end, which is presented as a liability on the balance sheets.

**12 - GOLF CART PARKING DEPOSITS**

In 2022, the Association began setting funds aside to assist with a future project in order to pay for more golf cart parking spaces within the common areas of the community. At December 31, 2022, the Association recognizes golf cart parking deposits of \$19,650, which is presented as a liability on the balance sheet and is subsequently recognized as revenue for the year ended December 31, 2023. The project was completed in 2023 and revenues continue to be collected to offset this expense.

**13 - DEFERRED REVENUE – CABLE AND INTERNET CONTRACT**

In 2021, the Association entered into a ten (10) year agreement with their cable television provider to be the sole cable television provider for the Association. The agreement called for the Association to receive a lump-sum payment of \$311,400, which will be recognized as revenue over the life of the agreement. Furthermore, in 2022, the Association amended the 2021 agreement to include internet services. The amended agreement called for the Association to receive an additional lump-sum payment of \$279,200, which will be recognized as revenue over the life of the agreement.

For each of the years ended December 31, 2023 and 2022, the Association recognizes cable and internet contract revenue of \$59,060, which are presented on the statements of revenues and expenses and changes in fund balances. As of December 31, 2023 and 2022, the Association recognizes deferred cable and internet contract revenue of \$441,340 and \$500,400, respectively, which are presented on the balance sheet as liabilities and will be recognized as revenue over the lives of the agreements.

**14- FASB ASC 606 ACCOUNTING GUIDANCE IMPLEMENTATION**

The Financial Accounting Standards Board (FASB) issued guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, Real Estate - Common Interest Realty Associations, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of the guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the reserve fund, as previously described.

The effect of the adoption is a decrease in 2023 revenues by \$71,631 and an increase in 2022 revenues by \$168,471. The effect of the adoption also resulted in the recording of a contract liability (assessments received in advance-reserve fund) at December 31, 2023 and 2022 of \$2,345,063 and \$2,273,432, respectively. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

SUPPLEMENTARY INFORMATION

KINGSTON PLANTATION MASTER ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS  
(Un-audited)

December 31, 2023

The following is based on estimates conducted by an outside engineering firm in 2022 and presents significant information about the components of common property. The estimated remaining useful lives and estimated replacements costs are based on estimates of market replacement and opinions from respective contractors and their industry standards. Actual amounts will vary based on the timing and need for the specific components.

Component	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Year 2024 Budgeted Funding	Reserve Fund Contract Liabilities 12/31/23
Laurel Court meeting building exterior elements	1 to 26	\$ 101,400	\$ 3,623	\$ 21,243
Laurel Court meeting building interior elements	4 to 24	134,275	4,798	28,130
Property site elements	0 to 25	10,202,300	364,571	2,137,352
Beach pool elements	0 to 22	450,075	16,083	94,289
St. James pool elements	1 to 27	305,723	10,925	64,048
		\$ 11,193,773	\$ 400,000	\$ 2,345,063

See independent auditor's report.