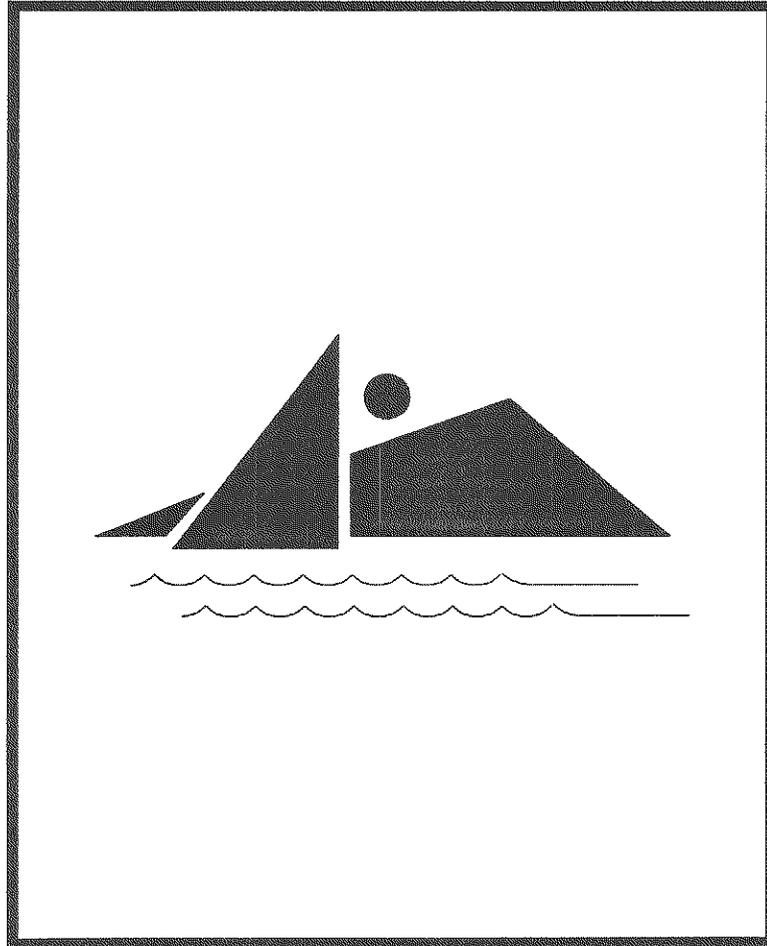


FRYE ISLAND



1993

ANNUAL REPORT

FRYE ISLAND ANNUAL REPORT--1993

The 1993 season started a week late. Ice-out came on the Wednesday before Friday the 23rd, Opening Day. The Maintenance crew did a great job of getting the Island open by April 30th. The Golf Course crew did a great job getting the course ready for play.

The Island had a good summer: warm weather, good play at the Golf course, a volunteer day for putting up the recreation equipment at the Community Center, a first Field Day for the kids with pony rides, games, and a Karate exhibition. Even the renter traffic was heavy but orderly.

One of the interesting relationships between the weather and operations on the Island is that warm, dry weather leads to good play at the Golf Course and less traffic on the ferry. Wet, cold weather leads to less enjoyable play on the course, but about the same amount of play, while there is more traffic on the ferry. Islanders and renters stay on Island with the good weather; Islanders and renters go off Island in poor weather.

Ferry revenues for the 1993 season reflected this relationship. 1993 revenues were \$124,000; 1992 revenues (a cold, wet season) were \$130,000. Golf Course greens fees were \$47,822 in 1993 and \$45,688 in 1992 (not a big difference in play).

CAPITAL IMPROVEMENTS

Major improvements continued to be made on the Island. The tennis courts at the Community Center were re-surfaced, the west side of the Center was sided, new swings were placed at the Community Center, the Golf Clubhouse was painted by volunteers, and a new bulletin board was installed at the mainland ferry landing.

BOAT BASIN FACILITY

In May, the Island received a permit from the State Department of Environmental Protection for the Boat Basin Facility at Marina Beach. The permit recognized many years of hard work by the volunteer Marina Committee and a commitment by the Board of Directors of Frye Island, Inc.

A brochure was designed for the project and a mailing was made to every property owner on the Island in the spring of 1994. Twenty-three people made a \$500 deposit for a slip in the facility in 1993 and the winter of 1994.

FRYE ISLAND WATER SYSTEM

Progress of a different sort was made on the Water System. The Island received a three year "extension" to meet the requirements and deadline of the Safe Drinking Water Act. This extension will allow the Island to take a longer look at alternative technology and hopefully with extended time, alternative technology will translate into lower capital and operational costs.

The Island has made plans to test one or two systems during the 1994 season. Criteria for the extension are available at the Island Office.

GOLF COURSE

During the 1993 season several changes were made at the Golf course. A computerized handicap system was tried. The Ladies Auxiliary was created and money was raised to purchase a barbecue. A dumptruck was purchased for the course--this will allow the greens crew to make better use of their time and will allow them to undertake more course improvements.

During August, the Golf Club Membership held elections for the new Golf Committee. This represented a re-organization of members' energy, interest, and communication. The new Golf Committee was elected with staggered terms to allow more participation by all members, both new and "old".

RECYCLING

During the 1993 season, the Island implemented a recycling program. The old brush dump became the location of recycling bins for glass, plastic, metal, and aluminum. A dumpster was provided for metal goods, large and small. Another two dumpsters were provided for household rubbish--a convenience for during the week drop-off.

REAL ESTATE POLICY

During the 1993 season, the Board of Directors received several bids on property for "privacy lots". During the bidding process, there was frustration on the part of the bidders. The Board took the Real Estate Policy and worked on it over the winter of 1994. The revised policy is available at the Island Administration Office.

The revised policy states that the Board will set price ranges for the different categories of lots--privacy, pumpback, upgrade, and buildable. Islanders will then have an idea of what price the Board expects for different lots, either by category or by location.

The other major revision is that if there are multiple bids on one lot, the bidding process will be resolved by an auction between the interested buyers.

We all look forward to another great season on the Island in 1994 and hope to continue to build upon 1993. The financials for each company for the 1993 Fiscal Year follow.

**FRYE ISLAND MUNICIPAL SERVICES CORPORATION
GENERAL FUND
BALANCE SHEET
DECEMBER 31, 1993 AND 1992**

	1993	1992
ASSETS:		
Cash	\$453,460	\$378,554
Receivables:		
Accounts	7,499	0
Taxes (Net of Allowance for Uncollectables of \$354)	177,246	\$197,167
Tax Liens	9,847	8,423
Tax Acquired Property	2,176	7,562
Prepaid Items	<u>0</u>	<u>502</u>
TOTAL ASSETS	\$650,228	\$592,208
	=====	=====
 LIABILITIES AND FUND BALANCES:		
Liabilities		
Accounts Payable	\$ 0	\$ 13,761
Deferred Revenue	<u>429,842</u>	<u>376,977</u>
	<u>\$429,842</u>	<u>\$390,738</u>
Fund Balances:		
Reserved:		
For Specific Purposes	\$157,388	\$153,531
Unreserved:		
Undesignated	<u>62,998</u>	<u>47,939</u>
	<u>\$220,386</u>	<u>\$201,470</u>
TOTAL LIABILITIES AND FUND BALANCES	\$650,228	\$592,208
	=====	=====

The accompanying notes are an integral part of these statements which are available at the Island Office.

FRYE ISLAND MSC--1993 ANNUAL BUDGET AND 1993 AUDIT

	Budget 1993	ACTUAL 1993	Ferry	Maint.	Water	Recreation	Admin.
Income							
Property Taxes	376,975	364,554	0	0	0	0	364,554
Ferry Receipts	125,000	123,954	123,954	0	0	0	0
Interest	6,519	10,653	0	0	0	0	10,653
Management Services	11,800	11,800	0	0	0	0	11,800
Other Income	3,850	11,852	28	500	300	2,514	8,510
Transfer Undesignated Reserve	64,000	0	0	0	0	0	0
Transfer Water Reserve	70,000	0	0	0	0	0	0
Total Income	\$658,144	\$522,813	\$123,982	\$500	\$300	\$2514	\$395,517
Expenses							
Employee Expenses	323,612	305,137	90,639	106,857	0	6,213	101,428
FII Leases	16,825	16,825	0	7,200	0	0	9,625
Utilities & Fuel	28,250	23,293	8,983	3,970	3,183	1,631	5,526
Licenses & Permits	1,050	413	180	78	0	155	0
Insurance	24,963	27,228	10,880	5,867	239	5,364	4,878
Property Taxes	10,625	12,601	1,088	0	211	6,757	4,545
Debt Service/Interest	8,832	8,830	0	8,830	0	0	0
Equipment & Supplies	20,400	27,086	4,389	9,690	820	1,794	10,393
Maintenance & Repairs	43,150	37,787	13,248	1,109	588	21,885	957
Outside Services	16,937	12,629	205	0	402	2,822	9,200
Office Administration	6,000	4,107	584	0	34	0	3,489
Security & Safety	16,000	10,894	0	0	0	0	10,894
Contributions	1,200	625	0	0	0	0	625
Winter Rent	3,000	2,651	0	0	0	0	2,651
Other	7,300	7,819	359	523	625	1,220	5,092
Capital Improvements	130,000	9,829	0	0	0	9,829	0
Total Expenses	\$658,144	\$507,754	\$130,555	\$144,124	\$6,102	\$57,670	\$169,303
Surplus (Deficit)	\$ 0	\$15,059	(\$6,559)	(\$143,624)	(\$5,873)	(\$55,114)	\$226,229

Note: expenses grouped by category differs from annual audit categories

THREE-YEAR INCOME STATEMENT

FRYE ISLAND MSC

	1991	1992	1993
Revenue:			
Tax	\$368,611	\$373,556	\$364,554
Interest (Bank)	13,564	6,053	5,634
Interest (Tax)	2,963	4,680	5,019
Miscellaneous	3,157	4,847	5,538
Ferry	138,399	130,276	123,954
Water/Disposal	2,200	4,200	3,800
Surplus	65,000	78,000	0
Management Services	0	11,727	11,800
Recreation	0	0	2,514
Total	\$593,894	\$613,339	\$522,813
Expenditures:			
Administration	\$205,103	\$169,437	\$155,429
Public Works	105,841	133,761	132,375
Protection, Health & Sanitation	20,529	87,727	31,925
Ferry	215,514	169,878	130,355
Recreation	0	39,516	57,670
Total	\$546,987	\$600,313	\$507,754
Excess Revenues Over Expenditures	\$46,907	\$13,026	\$15,059

As Presented in Annual Audit which is available at the Island Office

FRYE ISLAND, INC.
BALANCE SHEETS
DECEMBER 31, 1993 AND 1992

ASSETS

	1993	1992
Current Assets:		
Cash in Bank and on Hand	\$78,845	\$ 67,802
Inventory	2,885	3,865
Prepaid Expenses	17,773	24,767
Interest Receivable	3,059	2,100
Corporate Income Tax Receivable	-0-	1,050
Accounts Receivable	597	342
Current Portion of Notes Receivable (Note 2)	<u>6,936</u>	<u>4,828</u>
Total Current Assets	110,095	104,754
Fixed Assets (Note 1):		
Land	31,465	31,465
Buildings and Improvements	209,356	209,356
Furniture and Fixtures	32,636	32,636
Machinery and Equipment	78,414	78,414
Vehicle	<u>17,360</u>	<u>13,860</u>
Total Fixed Assets	369,231	365,731
Less: Accumulated Depreciation	185,380	<u>171,749</u>
Net Fixed Assets	183,851	193,749
Other Assets:		
Notes Receivable - Less Current Portion (Note 2)	<u>6,276</u>	<u>8,384</u>
TOTAL ASSETS	\$300,222 =====	\$306,887 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

	1993	1992
Current Liabilities:		
Accounts Payable	\$ 6,967	\$ 22
Payroll Taxes Payable	419	171
Accrued Expenses	2,300	2,300
Deposits on Land Sales	3,200	200
Deposits on Boat Basin (Note 6)	12,041	-0-
Current Portion of Long-Term Debt (Note 5)	<u>6,484</u>	<u>5,950</u>
Total Current Liabilities	31,411	8,643
 Long-Term Debt - Net of Current Portion	 60,128	 66,592
 Deferred Income Taxes (Note 7)	 -0-	 1,720
 Deferred Gain on Installment Land Sales Sales (Note 3)	 <u>13,211</u>	 <u>13,211</u>
 Total Liabilities	 104,750	 90,166
 Stockholders' Equity:		
Common Stock-No Par Value-1000 Shares authorized, 825 issued and outstanding	100	100
Paid-In Surplus	125,565	125,565
Retained Earnings	<u>69,807</u>	<u>91,056</u>
Total Stockholders' Equity	195,472	216,721
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$300,222	 \$306,887
	=====	=====

See accompanying notes and accountants' report, in annual review which is available at the Island Office

FRYE ISLAND INC.--1993 ANNUAL BUDGET AND AUDIT (REVIEW)

Income	Budget_93	ACTUAL	Golf	Yacht	Administration
Sales	\$31,600	\$24,851	\$24,851	0	\$0
Membership Fees	2,900	4,900	3,100	1,800	0
Usage Fees	81,685	82,048	72,247	9,000	301
Rental	13,090	11,613	11,613	0	0
Building &					
Equipment Leases	28,078	28,078	0	0	28,078
Tractor Amortization	6,150	6,150	0	0	6,150
Interest	2,150	2,682	0	0	2,682
Other Income	2,200	690	684	0	6
Gross Revenue	\$167,853	\$161,012	\$112,495	\$11,300	\$37,217
Cost of Goods Sold	14,700	14,812	14,812	0	0
Gross Margin	\$153,153	\$146,200	\$97,683	11,300	\$37,217
Expenses					
Employee Expenses	55,063	65,635	57,123	1,000	7,512
Utilities & Fuel	3,350	3,116	3,116	0	0
Licenses & Permits	1,500	1,184	1,096	0	88
Insurance	14,030	16,706	4,910	0	11,796
Property/Income Taxes	23,200	18,668	3,010	0	15,658
Interest	8,300	5,585	0	0	5,585
Equipment & Supplies	10,775	12,515	12,024	223	268
Repairs	2,900	4,255	3,309	0	946
Outside Services	10,875	5,844	498	3,046	2,300
Office Administration	1,475	1,673	1,557	116	0
Minor Improvements	3,050	2,409	2,409	0	0
Contributions	1,200	750	0	0	750
Depreciation	12,200	13,398	7,003	0	6,395
Maintenance Building	6,403	6,403	6,403	0	0
Tractor Amortization	6,150	6,150	6,150	0	0
Other	1,950	3,158	1,432	102	1,624
Total Expenses	\$162,421	\$167,449	\$110,040	\$4,487	\$52,922
Net Income	(\$9,268)	(\$21,249)*	(\$12,357)	\$6,813	(\$15,705)

*Total differs from Annual Review due to assignment of tractor amortisation and maintenance building lease.

Net income is the same.

FRYE ISLAND INC.

	1991	1992	1993
Income:			
Lease	114,000	9,625	9625
Golf Course	43,327	45,688	47,822
Membership Fees	23,332	22,550	25,225
Maintenance Building Lease	0	7,200	7,200
Country Club	0	0	0
Rentals	17,463	15,217	16,463
Pro Shop Gross Profit	10,485	10,279	8,884
Marina Fees	14,950	13,625	11,300
Soil Testing	1,150	0	0
Interest	8,843	5,146	3,641
Land Sales	5,252	2,043	0
Miscellaneous	7,267	9,130	3,290
Total	\$246,069	\$140,503	\$133,450
Expenses:			
Salaries and Wages	83,483	40,690	44,948
Repairs	14,451	6,404	7,993
Real Estate Taxes	25,576	10,730	20,387
Depreciation	7,708	11,991	13,398
Insurance	34,431	13,869	18,656
Supplies	11,719	7,761	9,390
Legal and Accounting	8,645	3,356	2,815
Utilities	4,471	2,004	1,632
Payroll Taxes	10,244	5,432	6,561
Contract Labor	0	0	0
Telephone	2,510	402	428
Office Supplies	3,783	1,260	577
Outside Services	10,105	14,699	3,405
Special Events	3,003	0	0
Other Taxes/Income Taxes	2,291	175	(1,720)
Licenses and Permits	1,830	1,335	1,183
Advertising	279	395	1,000
Travel and Entertainment	599	476	442
Contributions	500	500	750
Rent/Equipment/Office	1,028	0	1,600
Vehicle Expense	871	1,161	1,056
Interest Expense	14	4,307	5,585
Dues and Subscriptions	617	305	205
Miscellaneous Expenses	3,785	772	2,608
Employee Benefits	3,134	0	0
Management Services	0	11,727	11,800
Total	\$235,077	\$139,751	\$154,699
Profit (Loss)	\$10,992	\$752	\$(21,249)

As Presented in Annual Review which is available at Island Office

Note: \$7,000 less was booked in Pre Paid Expenses in 1993 than 1992.
 Insurance and taxes for 1993 reflect this change.
 1993 loss carried back two years for tax refund.
 Portion carried forward into 1994.