



# **Monthly Financial Results**

As of September 30, 2018



## Variance Analysis – September 30, 2018

**Total Revenues:** Actual revenues of \$13,318,965 are in line with the \$13,226,933 budgeted for the nine months ending September 30, 2018.

**2018 Assessments** of \$9,921,336 are in line with budget.

**Contributions to Reserve** for September of \$39,323 were well below the \$175,000 budgeted for the month. Contributions to Reserve for the first three quarters of 2018 total \$1,151,449 and are \$123,551 below the \$1,275,000 budgeted.

- The Contribution to Reserve estimate for October of 2018 is \$100,000.
- For the prior year, at September 30, 2017, Contributions to Reserve totaled \$1,088,381.

**Commercial Access Fees** through September 30, 2018 total \$1,407,574 and are 1.43% ahead of the \$1,387,750 budgeted.

- Access fees for the first three quarters of 2017 totaled \$1,370,214.

**Total Expenses** through September 30 are \$13,616,127 versus a budget of \$11,342,473. The unfavorable variance largely results from \$3,588,258 of expenses related to the Sandcastle renovation which are not part of the budget for 2018 operations. Year to date, transfers of prior year operating surpluses to the Reserve Fund equal \$3,556,093. See the end of this narrative for more information on the Sandcastle project.

**Payroll and benefits** expenses of \$4,497,633 finished September 2.43% below the \$4,609,850 budgeted.

### Repairs and Maintenance

**Building Repairs and Maintenance** expenses through September 30 are \$385,762 or 14% above the budgeted amount of \$338,261. The variance is largely attributed to \$51,682 in costs related to the temporary fitness facility.

**Common Area Repairs and Maintenance** through September 30 totaled \$509,868 or 5.21% over the \$484,626 budgeted. The overage is the result of

- \$57,615 in unbudgeted arborist and clean-up costs related to the January snow and ice storm
- \$16,500 in unbudgeted arborist and debris removal costs related to Hurricane Florence



- An overage of \$14,081 in fitness class expenses. Historically, expenses related to fitness instruction have been split between payroll and contracted services. For 2018, the majority of these services have been transitioned to contracted services. The \$14,081 overage is offset by a \$17,780 lower-than-budget fitness payroll amount.

These overages are offset by timing differences in Land and Lakes chemicals and Lakes contracted services which are currently below budget, but are expected to finish the year on budget.

**Operating/Administrative** expenses of \$1,855,605 through September 30 are \$153,385 below the budget of \$2,008,990. The positive variance results from the following:

- The timing of community events expenses – several events were postponed due to the Sandcastle renovation, but will occur later in 2018
- Lower than budgeted water and electricity costs related to irrigation
- Lower than budgeted legal fees
- Permanent savings in KICA's annual meeting costs
- Lower than budgeted IT expenses – a significant percentage of these costs will occur in the fourth quarter of 2018
- Permanent savings in worker's compensation and liability insurance.

**Landscape Capital Projects and Major Repairs and Replacements** – Landscape Capital Improvement expenses for the first nine months of the year are \$209,543 which is \$17,100 less than the \$226,643 budgeted.

Remaining 2018 Landscape Capital Projects include \$16,000 in Cul-de-Sac renovations, \$17,500 in overpass replanting, and \$12,500 in upgrades to the Willet Pond parking area. The current expectation is that LCI will end 2018 \$13,000 below budget for the year.

**Major Repairs and Replacements (MRR)** finished September totaling \$5,943,252 or \$2,823,832 over the budget of \$3,119,420.

Total MRR expenses include \$3,588,258 of unbudgeted expenses related to the Sandcastle renovation. If Sandcastle expenses were removed from the MRR comparison, actual repairs and replacements are \$764,426 below the amounts budgeted at September 30. The favorable variance results from:

- Timing of the Terrapin Island Bridge repair project. Bridge repairs of \$488,500 were budgeted for the first half of 2018, but a delay in receiving materials and now a delay in sourcing additional parts have impacted the project timing. Bridges and Bulkhead Repairs finished September



\$136,750 below budget, but expectations are that the account will end the year at or over budget as a result of pending project design changes.

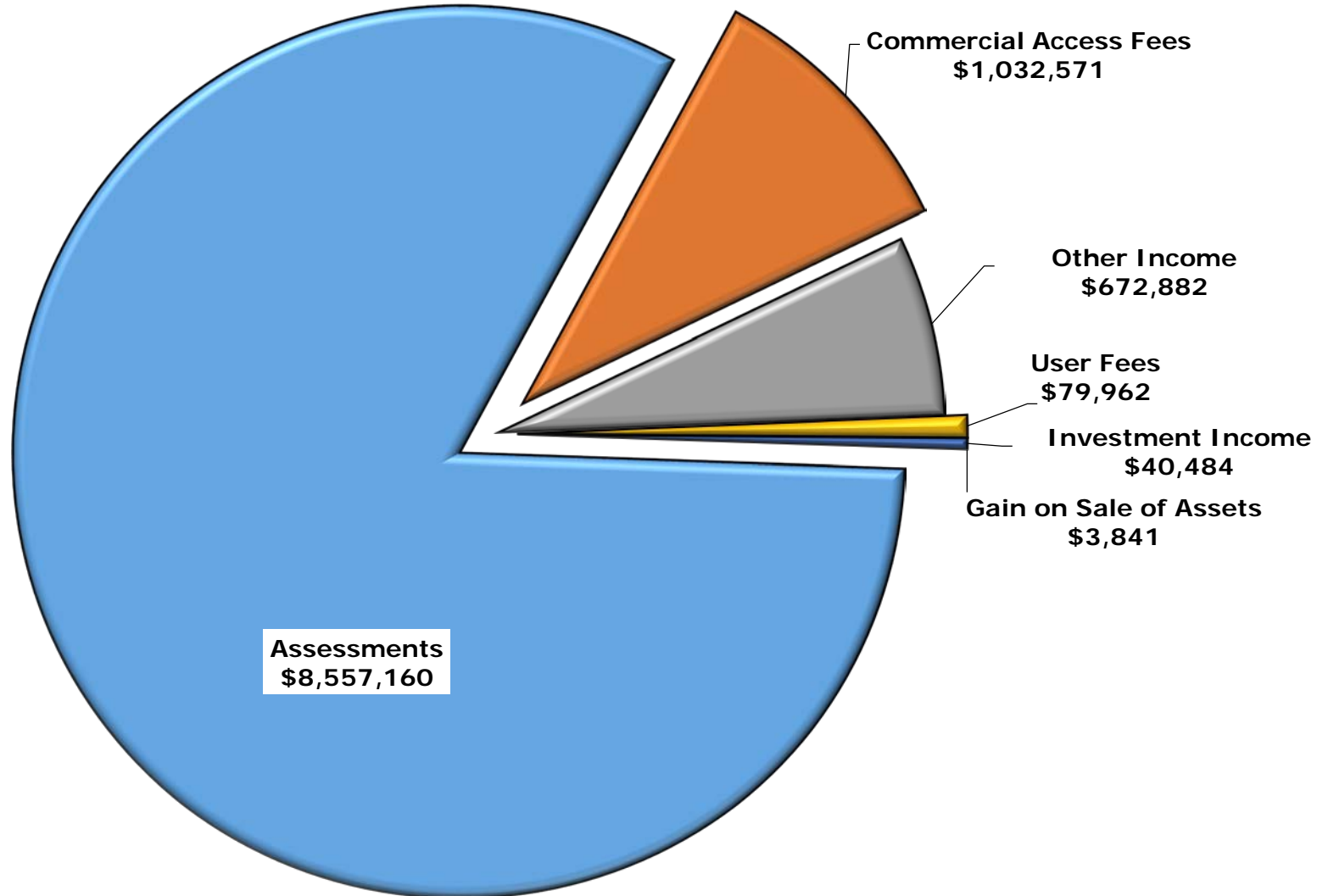
- The rebuild of Boardwalk 8A near the Sandcastle was budgeted for \$70,000, but the project was completed at a cost of \$29,632 for a permanent savings of \$40,368.
- Elevator upgrades in the Sandcastle of \$23,082 were expected to be complete by the Sandcastle re-opening, but are currently in process and should be complete by year-end.
- The absence of actual emergency expenses which were budgeted at \$75,000 through September 30.
- Road rejuvenation at a cost of \$417,000 was budgeted to occur in August, September, and October. KICA's MRR team has chosen to delay the project to allow further evaluation of the clear surface product. At September 30, the Street Resurfacing account was \$280,122 below budget and is expected to end the year \$400,000 below budget.
- Miscellaneous Drainage and Infrastructure Inspections combined to end September \$130,349 under budget and are expected to finish 2018 \$75,000 below budget as a result of delays related to the automated gate at the Beachwalker outfall.
- Leisure Trail Resurfacing and upgrades to the Maintenance sites combined to finish September \$77,000 below budget as a result of changes to project timing, but are expected to end the year on budget.

At September 30, the **Sandcastle renovation** is near completion. Construction of the new bathhouse adjacent to the adult pool was delayed further due to the threat from Hurricane Florence. To date, \$4,609,728 has been disbursed - which covers design, construction and construction oversight, HVAC replacements and furniture and fixtures. The total to date includes \$322,107 of expenses recorded in 2017.

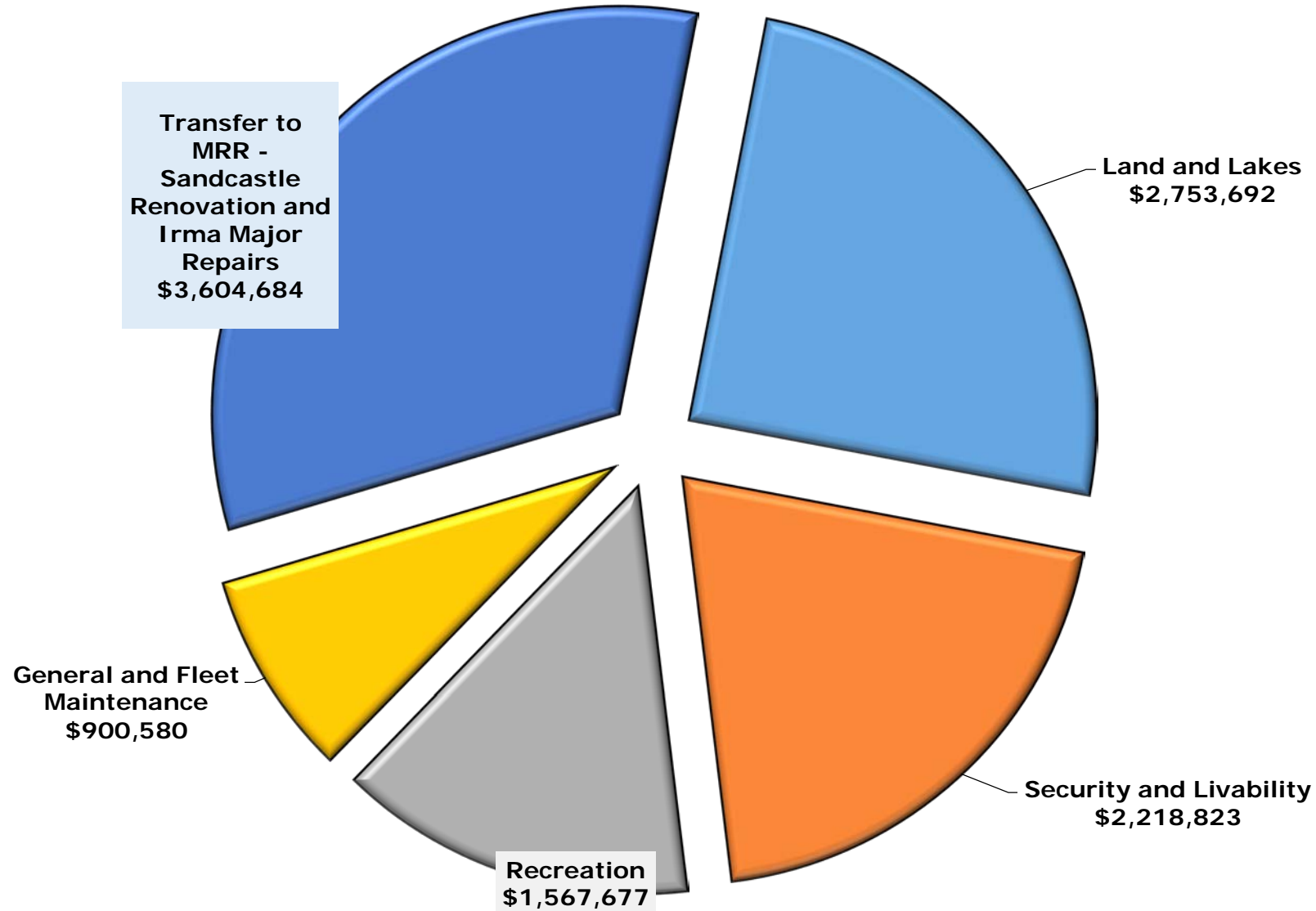
When completed, renovation costs are expected to total \$5,250,104 which represents a 5.3% overage as compared to the \$4,986,635 estimated when the contract was awarded in October of 2017. Disbursements through September 30 have been funded from prior year surpluses as well as by the 2017 and 2018 budgets; no draws on the \$1,500,000 loan have been required.

Please note that more information is available upon request. KICA's Director of Finance and Administration, Jane Ovenden, may be reached by email at [jane.ovenden@kica.us](mailto:jane.ovenden@kica.us) or by telephone at 843-768-9194 ext. 216.

# Operating Revenue to September 30, 2018

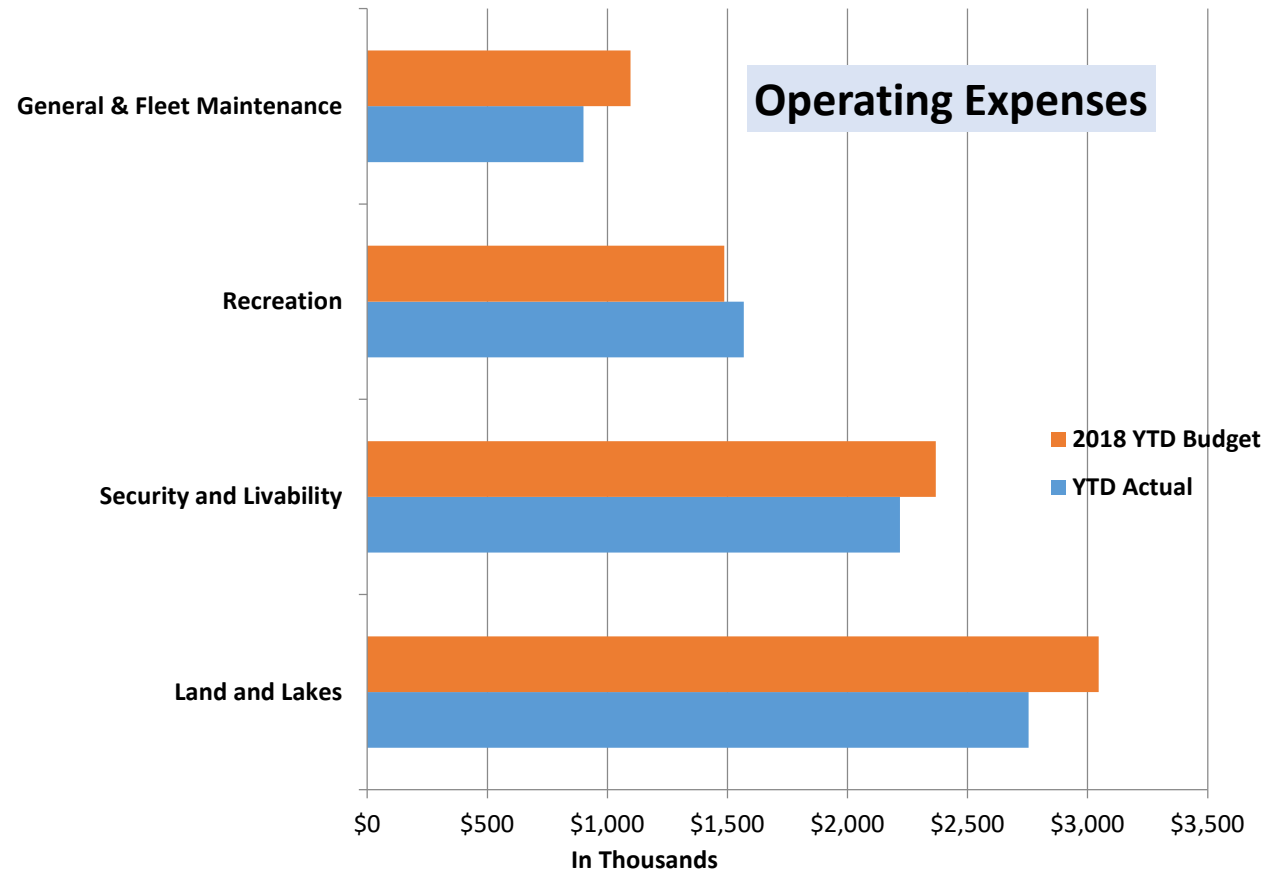
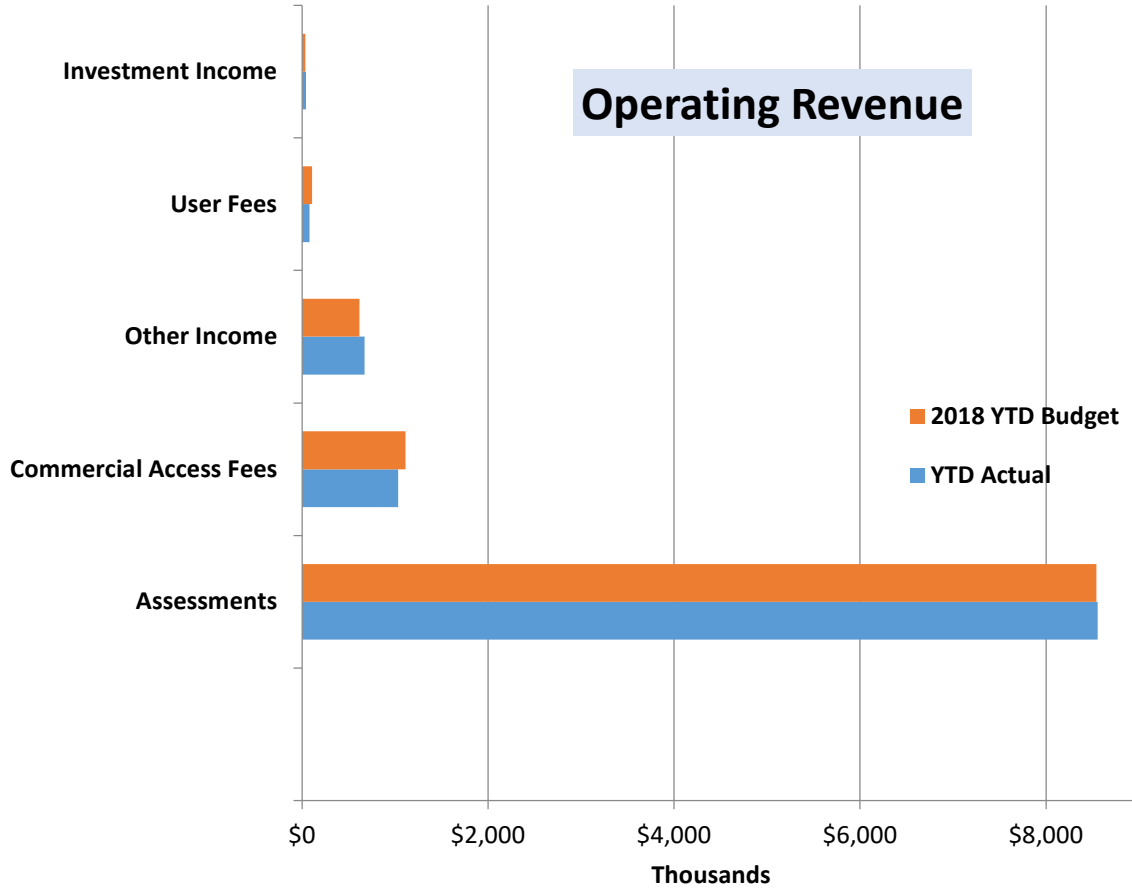


# Operating Expenses to September 30, 2018



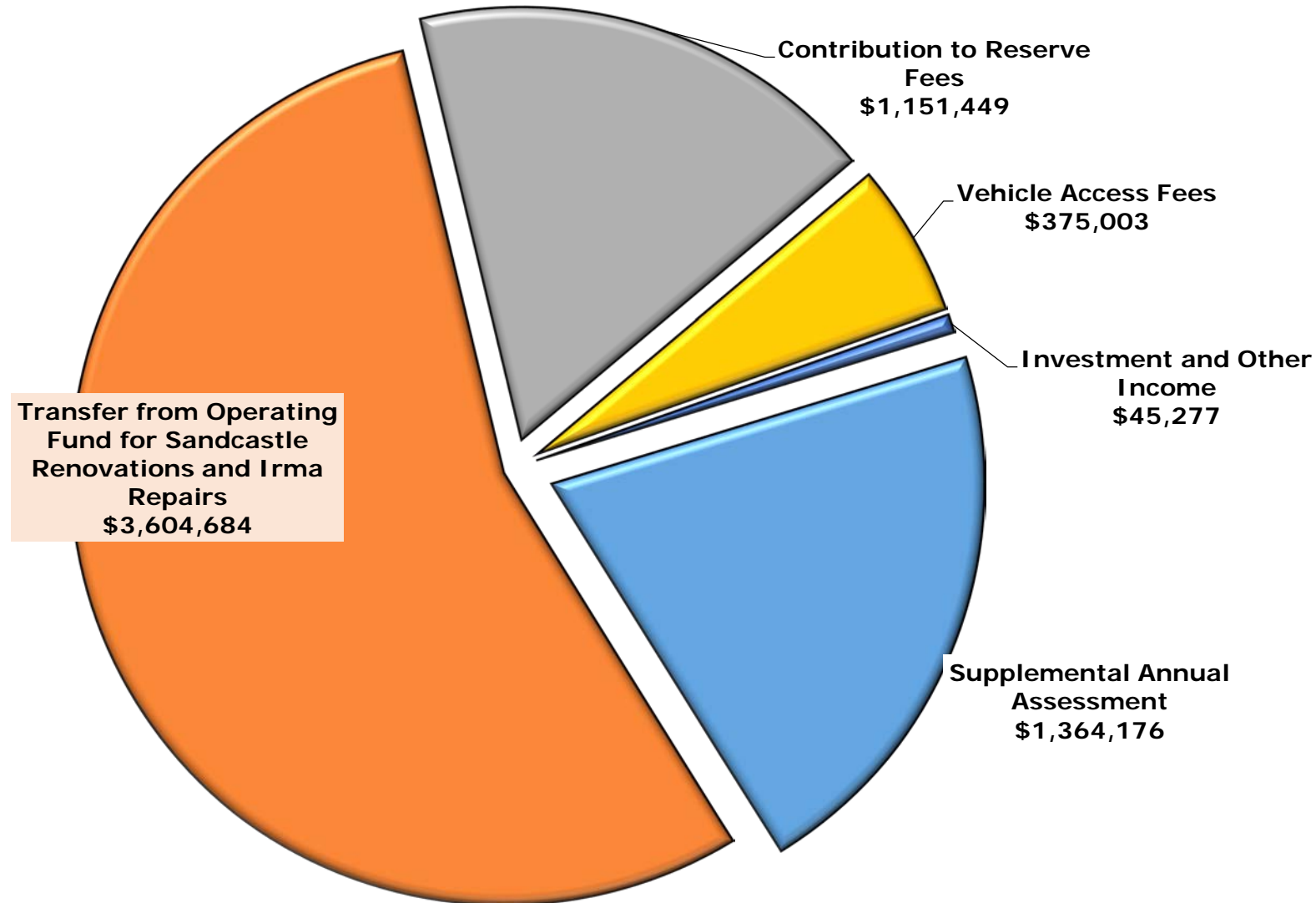


# Operating Budget to Actual Comparison as of September 30, 2018



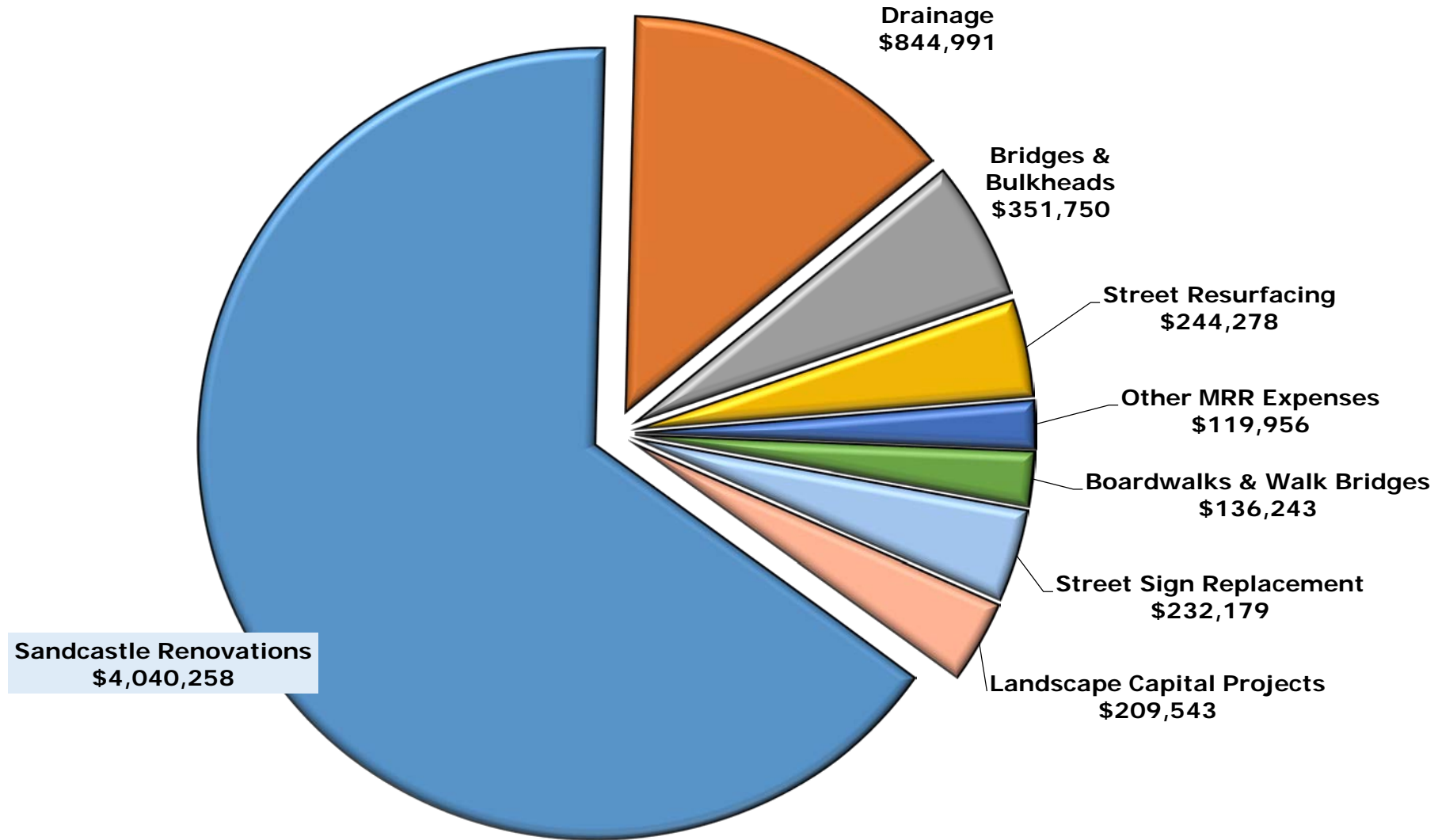
Note – excludes transfers to or from MRR Reserve Fund.

# MRR Revenue to September 30, 2018



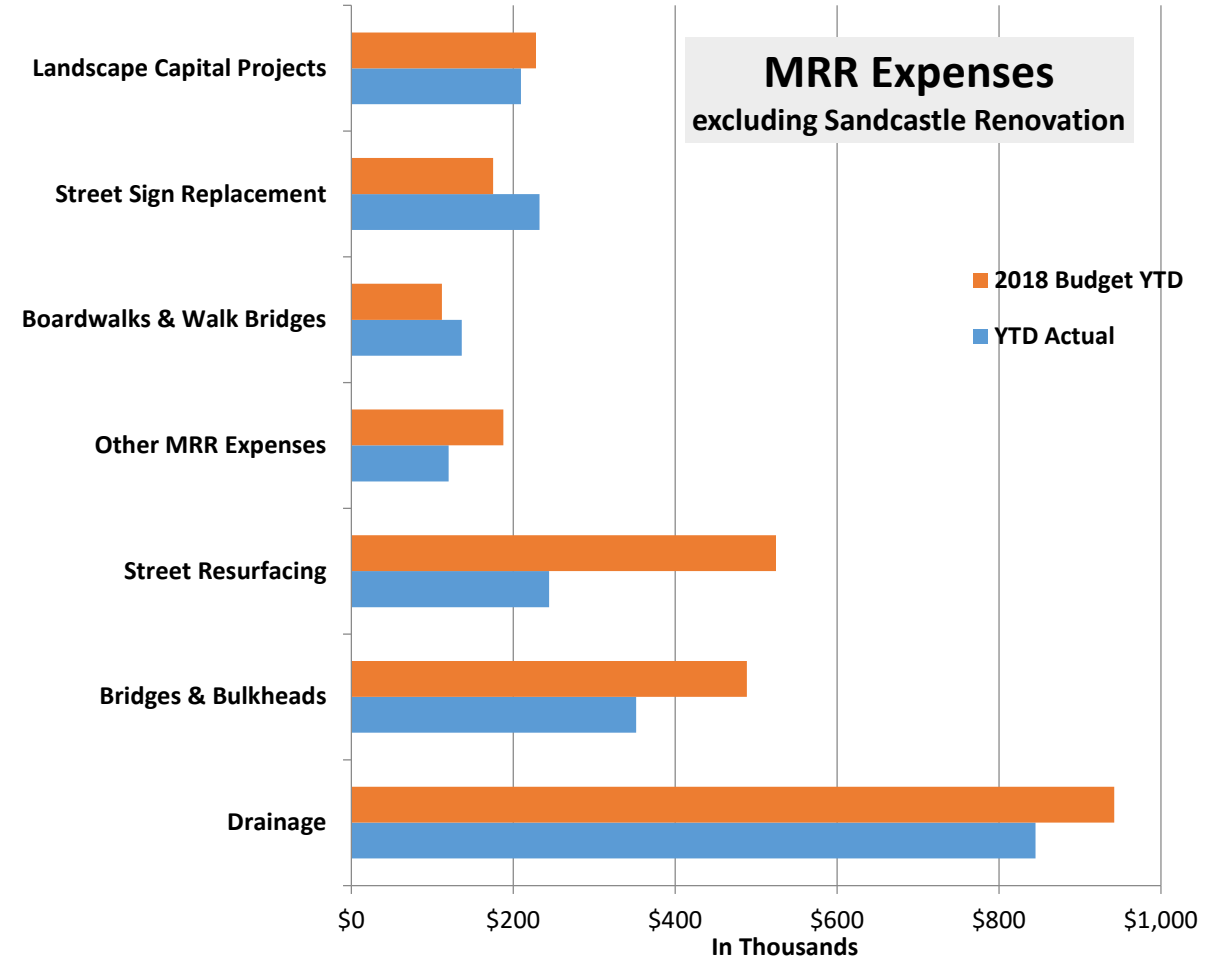
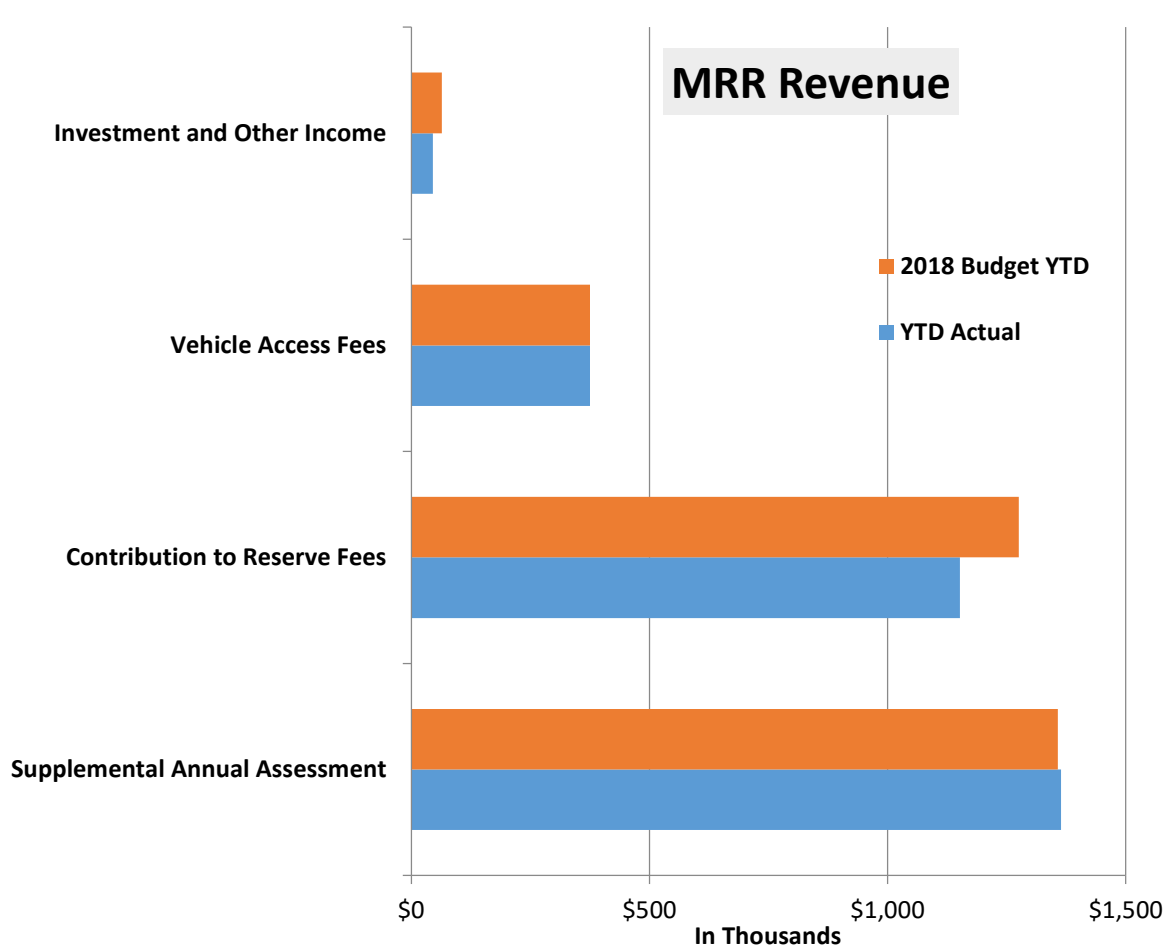


# MRR Expenses to September 30, 2018





# MRR Budget to Actual Comparison as of September 30, 2018



Note – excludes transfers to or from the Operating Fund.



**Kiawah Island Community Association, Inc.**

**Consolidated Balance Sheet**

September 30, 2018

	FUNDS						TOTAL
	General	Recreation	V-Gate	Reserve	Preserve	Property	
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	226,390	0	0	0	0	0	226,390
Money Market Funds	4,101,434	141,726	128,308	397,805	18,243	508,784	5,296,301
CD's	0	0	62,500	1,062,500	0	125,000	1,250,000
Interest Receivable	0	0	1,813	26,407	0	3,626	31,846
Accounts Receivable	(7,989)	59,800	372	22,860	0	0	75,043
Accounts Receivable- Other	307	(550)	0	0	0	0	(243)
Royalty Receivable	37,500	0	0	0	0	0	37,500
Prepaid Expenses	178,507	0	0	19,991	0	0	198,498
<b>Total Current Assets</b>	<b>4,536,149</b>	<b>200,976</b>	<b>192,993</b>	<b>1,529,563</b>	<b>18,243</b>	<b>637,410</b>	<b>7,115,335</b>
<b>Fixed Assets</b>							
Equipment & Furniture	0	0	0	0	0	1,615,711	1,615,711
Trucks and Trailers	0	0	0	0	0	822,108	822,108
Pool Furniture	0	0	0	0	0	79,490	79,490
Bathhouse and Pool Area	0	0	0	0	0	151,175	151,175
Buildings	0	0	0	0	0	2,530,343	2,530,343
Land	0	0	0	0	0	440,253	440,253
Accumulated Depreciation	0	0	0	0	0	(2,363,581)	(2,363,581)
<b>Total Fixed Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,275,498</b>	<b>3,275,498</b>
<b>Other Assets</b>							
Treasury Investments > 1 Yr	0	0	28,214	479,644	0	56,429	564,287
Mutual Fund Investments	0	0	34,520	1,697,264	0	527,958	2,259,741
Corporate Bonds	0	0	160,000	2,720,000	0	320,000	3,200,000
Corporate Bond Premium	0	0	2,319	39,419	0	4,638	46,376
Unrealized Gain/Loss on Investments	0	0	(5,031)	(57,253)	0	1,622	(60,662)
<b>Total Other Assets</b>	<b>0</b>	<b>0</b>	<b>220,022</b>	<b>4,879,073</b>	<b>0</b>	<b>910,646</b>	<b>6,009,741</b>
<b>TOTAL ASSETS</b>	<b>4,536,149</b>	<b>200,976</b>	<b>413,016</b>	<b>6,408,636</b>	<b>18,243</b>	<b>4,823,554</b>	<b>16,400,574</b>



**Kiawah Island Community Association, Inc.  
Consolidated Balance Sheet**

September 30, 2018

	FUNDS						TOTAL
	General	Recreation	V-Gate	Reserve	Preserve	Property	
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Current Liabilities</b>							
Payroll Withholdings	73,832	0	0	0	0	0	73,832
Accrued Payroll	277,491	40,120	0	0	0	0	317,611
Deposits and Prepaid Assessments	4,023	29,850	0	0	0	0	33,873
Accounts Payable	81,441	62,818	0	301,787	0	0	446,046
Accrued Liabilities	20,011	0	0	0	0	0	20,011
ARB Coordinator Salary	14,108	0	0	0	0	0	14,108
Current Mortgage Payable	14,640	0	0	0	0	0	14,640
Deferred Revenue- Royalty Income- Cur	12,539	0	0	0	0	0	12,539
<b>Total Current Liabilities</b>	<b>498,085</b>	<b>132,789</b>	<b>0</b>	<b>301,787</b>	<b>0</b>	<b>0</b>	<b>932,661</b>
<b>Non-Current Liabilities</b>							
Deferred Revenue- Royalty Income	401,251	0	0	0	0	0	401,251
LT Mortgage Payable	1,456,122	0	0	0	0	0	1,456,122
<b>Total Non-Current Liabilities</b>	<b>1,857,373</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,857,373</b>
<b>Fund Balance</b>							
Fund Balance	2,180,692	68,187	413,016	6,106,849	18,243	4,823,554	13,610,540
<b>Total Fund Balance</b>	<b>2,180,692</b>	<b>68,187</b>	<b>413,016</b>	<b>6,106,849</b>	<b>18,243</b>	<b>4,823,554</b>	<b>13,610,540</b>
<b>TOTAL LIABILITIES/FUNDS</b>	<b>4,536,149</b>	<b>200,976</b>	<b>413,016</b>	<b>6,408,636</b>	<b>18,243</b>	<b>4,823,554</b>	<b>16,400,574</b>



**Kiawah Island Community Association, Inc.**  
**Consolidated Income Statement with Budget Variances**  
for the Period Ending September 30, 2018

	YEAR-TO-DATE		Favorable (Unfavorable)		2018 Total	Remaining
	Actual	Budget	\$ Variance	% Variance	Budget	Budget
<b>Revenues</b>						
Assessments	9,921,336	9,897,694	23,642	0.24%	9,899,642	(21,694)
Investment Income	85,762	88,575	(2,813)	(3.18)%	118,100	32,338
Contribution to Reserves	1,151,449	1,275,000	(123,551)	(9.69)%	1,500,000	348,551
Commercial Access Fees	1,407,574	1,387,750	19,824	1.43%	1,610,750	203,176
User Fees	79,962	67,975	11,987	17.63%	106,050	26,088
Other Income	672,882	509,939	162,943	31.95%	615,302	(57,580)
<b>Total Revenues</b>	<b>13,318,965</b>	<b>13,226,933</b>	<b>92,032</b>	<b>0.70%</b>	<b>13,849,845</b>	<b>530,880</b>
<b>Expenses</b>						
Payroll Expenses	4,497,633	4,609,850	112,217	2.43%	6,069,060	1,571,427
Building/Equipment R/M	385,762	338,261	(47,501)	(14.04)%	411,818	26,056
Common Area R/M	509,868	484,626	(25,242)	(5.21)%	590,601	80,732
Operating Expenses	1,855,605	2,008,990	153,385	7.63%	2,644,433	788,828
Capital Equipment Purchases	36,818	79,628	42,810	53.76%	97,128	60,310
Capital Projects - LCI	209,543	226,643	17,100	7.55%	273,092	63,549
Capital Projects - MRR	5,943,252	3,119,420	(2,823,832)	(90.52)%	3,812,195	(2,131,057)
Depreciation	305,288	416,845	111,557	26.76%	555,793	250,505
Interest Expense	41,851	58,210	16,359	28.10%	87,294	45,443
Other (Gains)/Losses	(169,494)	0	169,494	0.00%	0	169,494
<b>Total Expenses</b>	<b>13,616,127</b>	<b>11,342,473</b>	<b>(2,273,654)</b>	<b>(20.05)%</b>	<b>14,541,414</b>	<b>925,288</b>
Transfers						
Community Program Support	0	0	0	0	0	0
Interfund Transfers	0	0	0	0	0	0
Total Transfers	0	0	0	0	0	0
<b>BEGINNING FUND BALANCE</b>	<b>13,907,702</b>	<b>13,907,702</b>	<b>0</b>	<b>0.00%</b>	<b>13,907,702</b>	<b>0</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(297,162)</b>	<b>1,884,460</b>	<b>(2,181,622)</b>	<b>(115.77)%</b>	<b>(691,570)</b>	<b>(394,408)</b>
<b>ENDING FUND BALANCE</b>	<b>13,610,540</b>	<b>15,792,162</b>	<b>(2,181,622)</b>	<b>(13.81)%</b>	<b>13,216,133</b>	<b>(394,408)</b>



**Kiawah Island Community Association, Inc.**  
**Income Statement**  
 For Period Ending September 30, 2018

	General		Recreation		V-Gate		MRR		Preserve		Property		Total
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	
<b>Revenues</b>													
Assessments	\$7,706,335	\$7,694,442	\$623,385	\$620,340	\$198,222	\$196,731	\$1,364,176	\$1,357,361	\$29,218	\$28,820	\$0	\$0	\$9,921,336
Investment Income	\$23,825	\$20,250	\$1,161	\$750	\$2,773	\$1,125	\$45,277	\$63,750	\$91	\$0	\$12,634	\$2,700	\$85,762
Contribution to Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$1,151,449	\$1,275,000	\$0	\$0	\$0	\$0	\$1,151,449
Commercial Access Fees	\$1,032,571	\$1,012,750	\$0	\$0	\$0	\$0	\$375,003	\$375,000	\$0	\$0	\$0	\$0	\$1,407,574
User Fees	\$0	\$0	\$79,962	\$67,975	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$79,962
Other Income	\$408,768	\$391,268	\$264,114	\$118,670	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$672,882
<b>Total Revenues</b>	<b>\$9,171,500</b>	<b>\$9,118,710</b>	<b>\$968,621</b>	<b>\$807,735</b>	<b>\$200,996</b>	<b>\$197,856</b>	<b>\$2,935,905</b>	<b>\$3,071,111</b>	<b>\$29,308</b>	<b>\$28,820</b>	<b>\$12,634</b>	<b>\$2,700</b>	<b>\$13,318,965</b>
<b>Expenses</b>													
Payroll Expenses	\$3,995,678	\$4,064,109	\$382,545	\$426,331	\$119,410	\$119,410	\$0	\$0	\$0	\$0	\$0	\$0	\$4,497,633
Building/Equipment R/M	\$131,044	\$146,416	\$252,655	\$187,736	\$2,064	\$4,109	\$0	\$0	\$0	\$0	\$0	\$0	\$385,762
Common Area R/M	\$451,179	\$437,911	\$44,713	\$30,825	\$0	\$1,890	\$0	\$0	\$13,976	\$14,000	\$0	\$0	\$509,868
Operating Expenses	\$1,398,361	\$1,674,597	\$430,740	\$311,352	\$26,504	\$23,041	\$0	\$0	\$0	\$0	\$0	\$0	\$1,855,605
Capital Equipment Purchases	\$0	\$15,561	\$0	\$11,567	\$0	\$0	\$0	\$0	\$0	\$0	\$36,818	\$52,500	\$36,818
Capital Projects - LCI	\$0	\$0	\$0	\$0	\$0	\$0	\$198,230	\$213,875	\$11,313	\$12,768	\$0	\$0	\$209,543
Capital Projects - MRR	\$0	\$0	\$0	\$0	\$0	\$0	\$5,943,252	\$3,119,420	\$0	\$0	\$0	\$0	\$5,943,252
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$305,288	\$416,845	\$305,288
Interest Expense	\$41,851	\$58,210	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,851
Other (Gains)/Losses	(\$191,969)	\$0	\$3,240	\$0	\$1,506	\$0	\$26,402	\$0	\$0	\$0	(\$8,672)	\$0	(\$169,494)
<b>Total Expenses</b>	<b>\$5,826,145</b>	<b>\$6,396,804</b>	<b>\$1,113,892</b>	<b>\$967,812</b>	<b>\$149,483</b>	<b>\$148,449</b>	<b>\$6,167,884</b>	<b>\$3,333,295</b>	<b>\$25,289</b>	<b>\$26,768</b>	<b>\$333,434</b>	<b>\$469,345</b>	<b>\$13,616,127</b>
<b>Transfers</b>													
Community Program Support	\$262,500	\$262,500	(\$262,500)	(\$262,500)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interfund Transfers	\$3,837,016	\$0	\$115,746	\$0	\$0	\$0	(\$3,604,684)	\$0	\$0	\$0	(\$348,078)	\$0	\$0
<b>Total Transfers</b>	<b>\$4,099,516</b>	<b>\$262,500</b>	<b>(\$146,754)</b>	<b>(\$262,500)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,604,684)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$348,078)</b>	<b>\$0</b>	<b>\$0</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$2,934,852</b>	<b>\$0</b>	<b>\$66,703</b>	<b>\$0</b>	<b>\$361,504</b>	<b>\$0</b>	<b>\$5,734,144</b>	<b>\$0</b>	<b>\$14,223</b>	<b>\$0</b>	<b>\$4,796,276</b>	<b>\$0</b>	<b>\$13,907,702</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(\$754,161)</b>	<b>\$0</b>	<b>\$1,484</b>	<b>\$0</b>	<b>\$51,512</b>	<b>\$0</b>	<b>\$372,705</b>	<b>\$0</b>	<b>\$4,020</b>	<b>\$0</b>	<b>\$27,278</b>	<b>\$0</b>	<b>(\$297,162)</b>
<b>ENDING FUND BALANCE</b>	<b>\$2,180,692</b>	<b>\$0</b>	<b>\$68,187</b>	<b>\$0</b>	<b>\$413,016</b>	<b>\$0</b>	<b>\$6,106,849</b>	<b>\$0</b>	<b>\$18,243</b>	<b>\$0</b>	<b>\$4,823,554</b>	<b>\$0</b>	<b>\$13,610,540</b>