

Kiawah Island Community Association, Inc.
Consolidated Income Statement with Budget Variances

for the Period Ending 08/31/2020

	YEAR-TO-DATE		Favorable (Unfavorable)		2020 Total	Remaining
	Actual	Budget	\$ Variance	% Variance	Budget	Budget
Total Revenue						
Operating Revenues						
Assessments	11,887,244	11,871,640	15,604	0.13 %	11,872,373	(14,871)
Contribution to Reserves	1,864,941	971,162	893,779	92.03 %	1,345,937	(519,004)
Commercial Access Fees	1,317,365	1,307,193	10,172	0.78 %	1,615,758	298,393
User Fees	47,355	113,867	(66,512)	(58.41)%	174,100	126,745
Other Income	363,709	584,869	(221,161)	(37.81)%	691,709	328,000
Total Operating Revenues	15,480,613	14,848,730	631,883	4.26 %	15,699,877	219,264
Non-Operating Revenue						
Investment Income	281,354	166,104	115,250	69.38 %	225,940	(55,414)
Comcast Revenue	169,828	145,178	24,650	16.98 %	217,767	47,939
Total Non-Operating Rev.	451,182	311,282	139,900	44.94 %	443,707	(7,475)
Total Revenue	15,931,795	15,160,013	771,782	5.09 %	16,143,584	211,789
Total Expenses						
Operating Expense						
Payroll Expenses	4,189,999	4,534,551	344,552	7.60 %	6,842,410	2,652,411
Building/Equipment R/M	293,453	527,196	233,743	44.34 %	687,762	394,309
Common Area R/M	1,238,993	1,765,098	526,105	29.81 %	2,365,446	1,126,452
Operating Expenses	1,528,149	1,626,617	98,468	6.05 %	2,385,407	857,258
Capital Projects - LCI	142,033	186,667	44,634	23.91 %	280,000	137,967
Capital Projects - MRR	1,457,213	2,891,333	1,434,120	49.60 %	3,752,100	2,294,887
Total Operating Expense	8,849,840	11,531,462	2,681,622	23.25 %	16,313,124	7,463,284
Non-Operating Expense						
Community Program Support	0	0	0	0.00 %	0	0
Interfund Transfers	0	0	0	0.00 %	0	0
Other (Gains)/Losses	(156,836)	0	156,836	0.00 %	0	156,836
Capital Equipment Purchases	12,604	92,766	80,162	86.41 %	130,333	117,729
Interest Expense	18,800	34,143	15,343	44.94 %	50,838	32,038
Depreciation	194,994	203,365	8,371	4.12 %	305,000	110,006
Total Non-Operating Exp.	69,562	330,275	260,713	78.94 %	486,171	416,609
Total Expenses	8,919,402	11,861,736	2,942,335	24.81 %	16,799,295	7,879,893
BEGINNING FUND BALANCE	13,608,341	13,608,341	0	0.00 %	13,608,341	0
NET SURPLUS/(DEFICIT)	7,012,393	3,298,276	3,714,117	112.61 %	(655,711)	(7,668,104)
ENDING FUND BALANCE	20,620,734	16,906,617	3,714,117	21.97 %	12,952,629	(7,668,104)



Variance Analysis – August 31, 2020

We are now 5 ½ months into the COVID crisis and KICA's efforts to reduce expenses to offset anticipated reduced income. We continue to see improvements in most categories as we wrap up the 8th month of our fiscal year. While we are certain that some areas will never fully recover due to the statewide shutdown beginning March 15, we are still optimistic that we will end the year well.

Total Revenue through August 31 is \$15,931,795, which is \$771,782 ahead of budget.

Assessments, KICA's primary revenue source, totaled \$11,887,244 through August 31 and are in line with the \$11,871,640 budgeted.

- Through August 31, 99.8% of 2020 assessments have been collected.
- At the May meeting, KICA's Board of Directors approved temporary relief for delinquent assessments. While assessments remain due and payable with interest and late fees, an additional 90 days had been granted before liens are filed. Any assessments still unpaid in September will receive reminders from our attorney.

Contributions to Reserve (CTR) through July are \$1,864,941 which is \$971,162 above budget.

- The Contributions to Reserve continue to exceed monthly budgets as sales are closing at a record pace. We have already exceeded our ANNUAL budget and expect to top \$2,000,000 by year end. 2020 may go down as one of the top R/E sales years in Island history.

Vehicle Access Fees through August 31 are \$1,317,365, \$10,172 over budget. Strong rebounds in fleet sales and bicycle decals have contributed to this. We are also offering Commercial RFID passes for the first time this year which has contributed almost \$60,000 to this category.

Investment Income through August 31, 2020 is \$281,354, \$166,104 ahead of budget as the market had strong gains for the month. Yield on cash deposits is still minimal but we try and find banks that pay higher than their peers.

Operating Expenses as of August 31 are \$8,849,840, which is 23% better than the budget of \$11,531,462.

Payroll Expenses, which typically represent KICA's largest expense line item, are \$4,189,999 through August 31. This amount is 7.6% better than the \$4,534,551 budgeted. Much of the favorable variance is comprised of savings associated with



furloughs and a hiring freeze associated with mitigating the financial losses attributed to COVID-19.

Building Equipment Repairs and Maintenance ended August at \$293,453 which is 44% better than the \$527,196 budgeted. A large contributor to this positive variance is due to the pool repairs at The Sandcastle coming in substantially under budget. We are also 44% under budget in vehicle repairs.

Common Area Repairs and Maintenance at August 31 total \$1,238,993 which is 44% below the budget of \$1,765,098. The actual total includes \$46,954 of expenses related to Hurricane Dorian mitigation which are not part of the 2020 budget.

Operating/Administrative Expenses ended August totaling \$1,528,149 which is 6% below the budget of \$1,626,617. Contributing to this are savings in travel & conference expenses, uniform rentals, and property insurance.

Landscape Capital Projects finished August totaling \$142,033 which is \$44,634 or 23% under budget. Of the total actual expenses, \$44,323 relates to the median restoration on Governor's Drive which was a 2019 carry forward project and was not included in the 2020 budget. Absent that expense we would be \$58,000 under budget year to date.

Landscape capital projects budgeted for 2020 and completed to date include major trimming and mitigation in and around ponds 2, 8, 18,19 and 26.

Major Repairs and Replacements (MRR) expenses through August 31 total \$1,457,213 and are 49.6% under the budget of \$2,891,333. Four expense categories represent the bulk of the major repairs for the first eight months of 2020:

- Drain cleaning along Kiawah Beach Drive, Beachwalker Drive, on Dunlin Court, and on Glossy Ibis Lane. Drainage repair and replacement at Seascape and along Shipwatch Drive.
- Leisure Trail Resurfacing – various locations – totaling \$105,950
- Renovation of the plaster and lighting at the Sandcastle family pool.
- The Trumpet Creeper dredging project has progressed according to schedule.

Several MRR projects were postponed due to COVID concerns but are now back on track as the Board authorized these projects to begin again.



Please note that more information is available upon request. KICA's Director of Finance and Administration, Johnny Wallace, may be reached by email at johnny.wallace@kica.us or by telephone at 843-768-9194 ext. 216.