

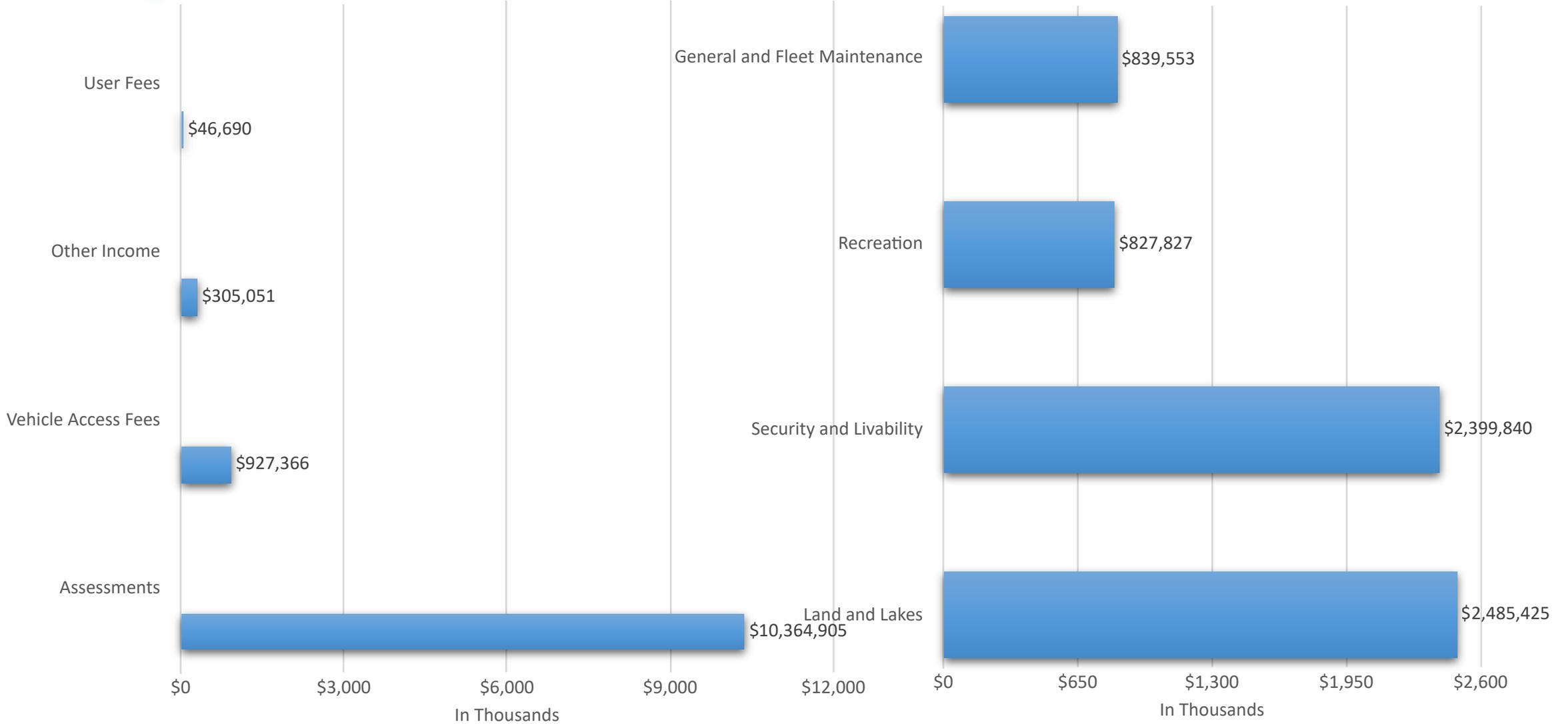


Monthly Financial Results

As of July 31, 2020



Operating Revenue and Expenses to July 31, 2020

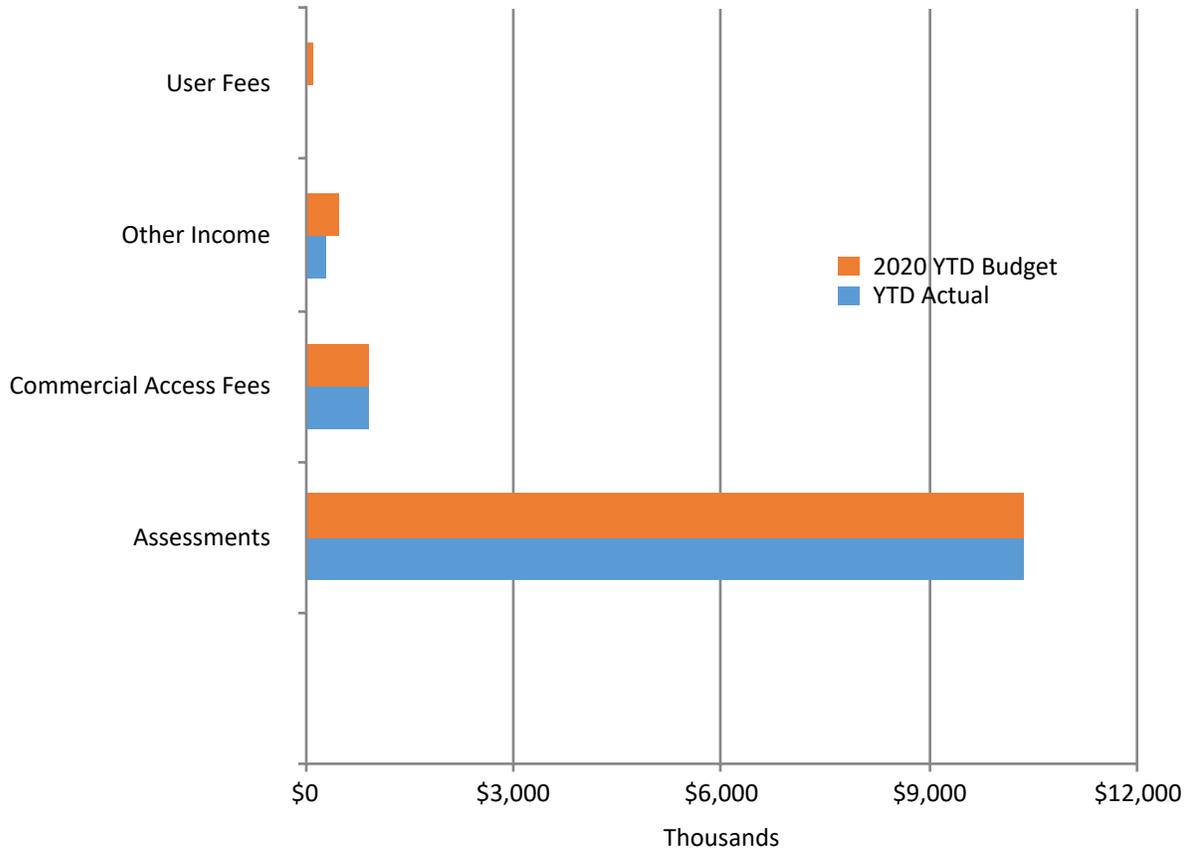


Note - non-operating revenue and expenses are not included above. These financial reports are unaudited and are for internal use only.

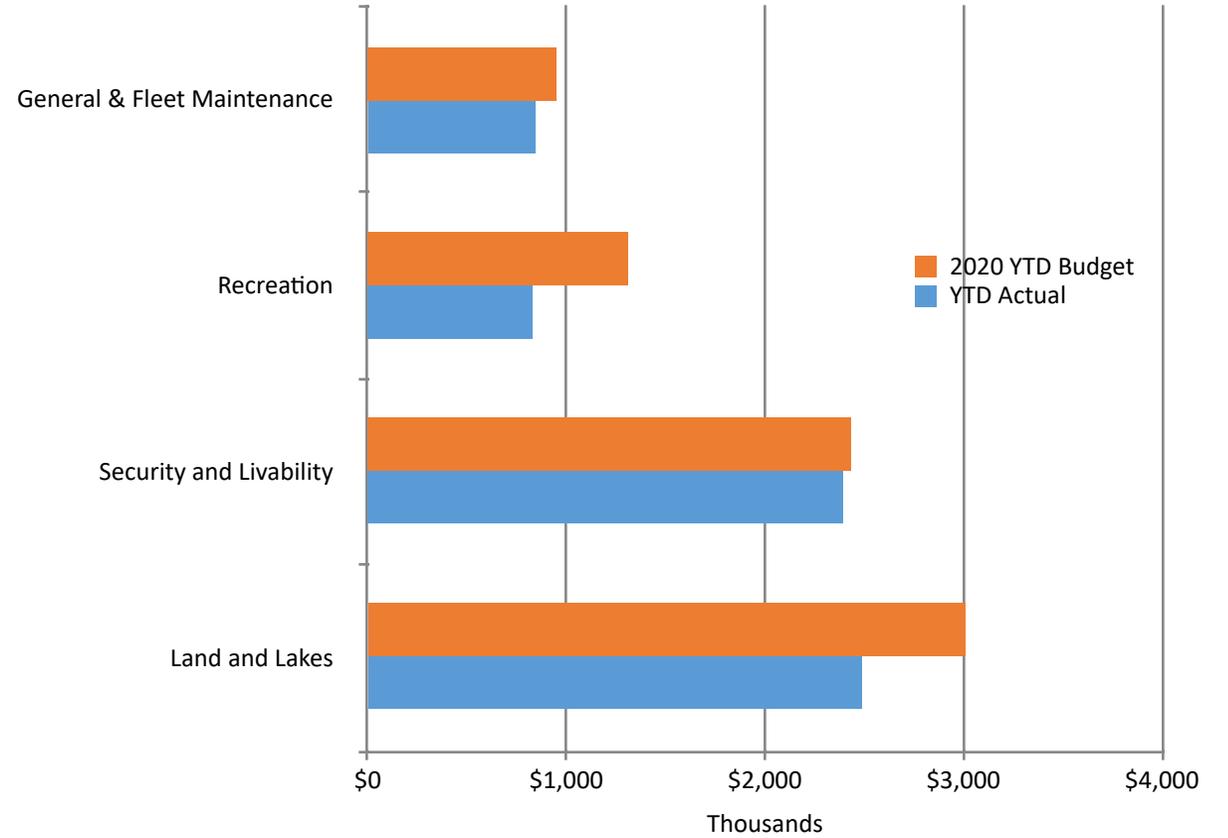


Operating Budget to Actual Comparison July 31, 2020

Operating Fund Revenue



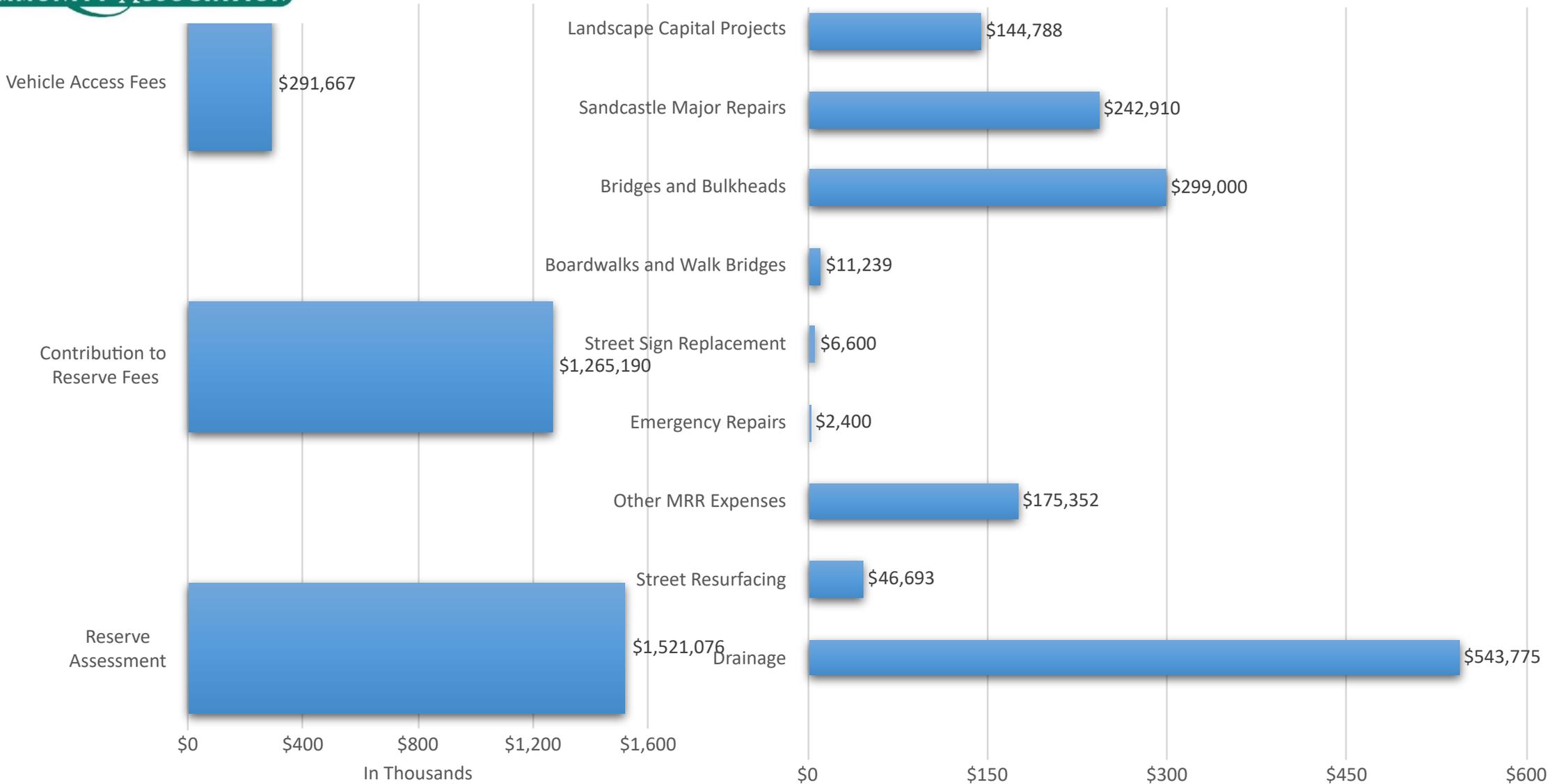
Operating Fund Expenses



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MRR Revenue and Expenses for July 31, 2020

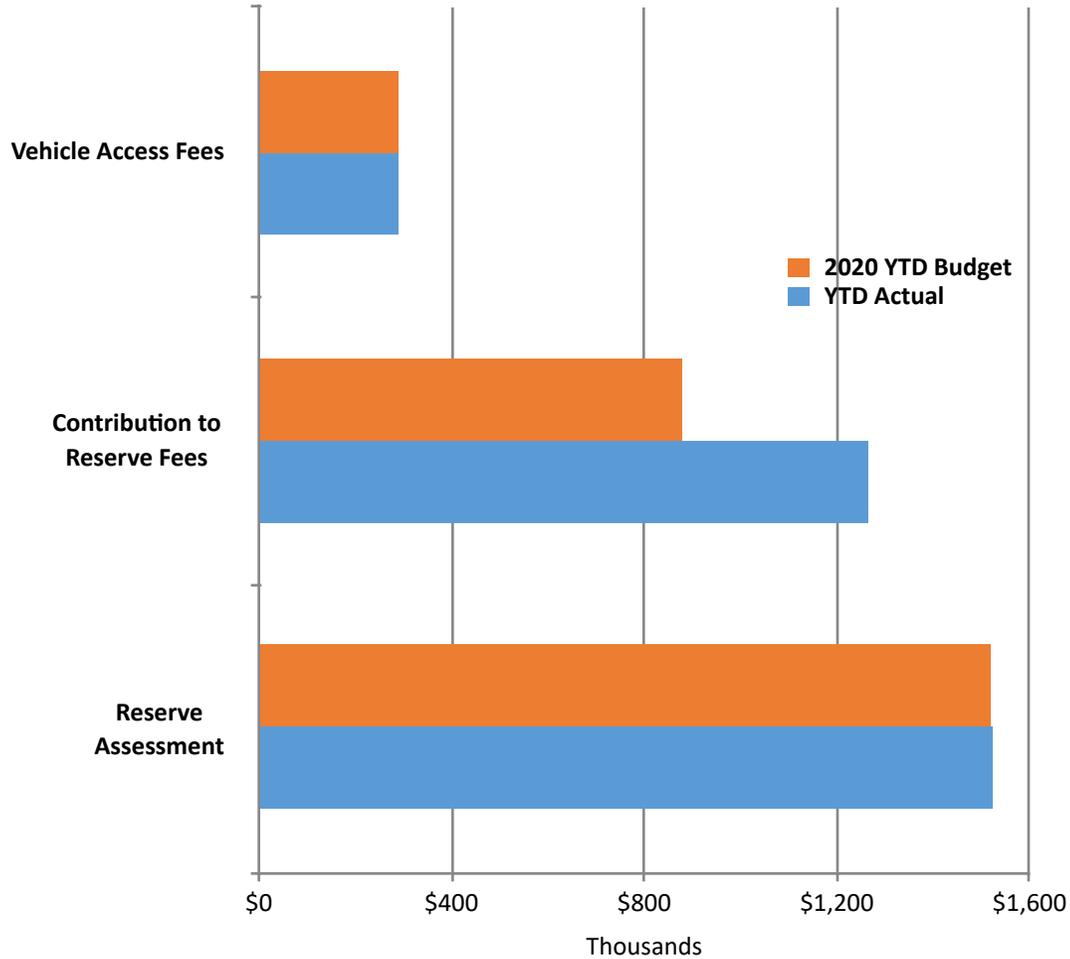


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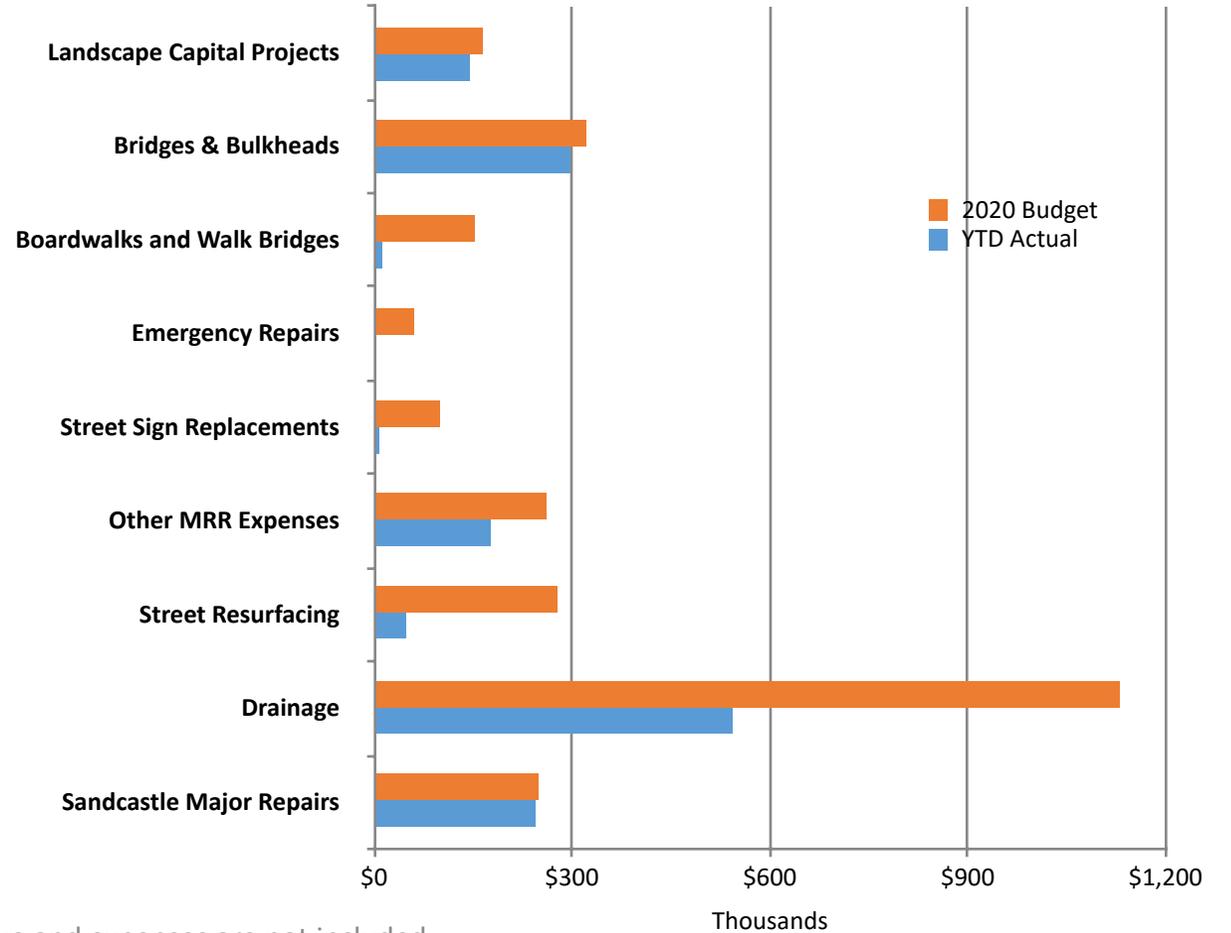


MRR Budget to Actual Comparison July 31, 2020

MRR Revenue



MRR Expenses



Note - non-operating revenue and expenses are not included above. These financial reports are unaudited and are for internal use only.



Variance Analysis – July 31, 2020

We are now 4 ½ months into the COVID crisis and KICA's efforts to reduce expenses to offset anticipated reduced income. Halfway through our fiscal year, however, there is reason for cautious optimism as the island has experienced an active summer season. While there are some income categories that are most likely permanently impacted due to the pandemic, overall our finances have improved since the June 30 report.

Total Revenue through July 31 is \$14,979,164, which is \$137,758 ahead of budget.

Assessments, KICA's primary revenue source, totalled \$11,885,985 through July 31 and are in line with the \$11,871,456 budgeted.

- Through July 31, 99.7% 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.

Contributions to Reserve (CTR) through July are \$1,265,190 which is \$385,775 above budget.

- The Contributions to Reserve for the month of July were \$350,709, the second highest single month in the history of the island behind June 2020. The second quarter ended up being one of the highest sales quarters KIRE has ever experienced.
- Based on August scheduled closings, we will be at 115% of our ANNUAL budget by September 1.

Vehicle Access Fees through July 31 are \$1,219,033 which only \$1,896 under 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 July 31, 2020 is below budget by \$30,941 as the market continues to recover; this represents an improvement over our June shortfall of \$150,252. The budget to actual deficit reflects reduced yield on bank deposits, unrealized losses on mutual fund investments, and lower than budgeted earnings on fixed income investments in KICA's reserve account.

Operating Expenses as of July 31 are \$7,875,482, which is 22.3% better than the budget of \$10,136,374.



Payroll Expenses, which typically represent KICA's largest expense line item, are \$6,684,065 through July 31. This amount is 7.36% better than the \$3,976,958 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 July at \$273,663 which is 43.73% better than the \$486,318 budgeted. The pool repairs at The Sandcastle were completed in July.

Common Area Repairs and Maintenance at July 31 total \$1,097,578 which is \$419,800 below the budget of \$1,517,377. The actual total includes \$46,954 of expenses related to Hurricane Dorian mitigation which are not part of the 2020 budget.

The delay or cancellation of educational and community events represent \$60,063 of the favorable variance.

Operating/Administrative Expenses ended July totaling \$1,347,420 which is 6.35% below the budget of \$1,438,746. Some notable variances include:

- Uniforms - \$17,431 favorable variance
- Travel & Seminars, \$18,918 favorable variance
- Insurance (Property and Worker's Compensation) - \$29,347 favorable variance

Of note, however, we have incurred \$18,000 in Safety Supplies attributable to COVID expenses.

Landscape Capital Projects finished July totaling \$144,788 which is \$4,287 or 11% under budget. Of the total actual expenses, \$44,323 relates to the median restoration on Governor's Drive which was a 2019 carryforward 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 July 31 total \$1,327,969 and are 48% under the budget of \$2,553,642. Four expense categories represent the bulk of the major repairs for the first five 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.
- Materials have been purchased renovation of the Eagle Point II bridge is nearing completion. To date, \$224,500 of expenses have been recorded. The total project contract is \$299,000.

There has been one minor emergency repair of \$2,400 recorded for the Sandcastle in the first seven months of 2020, which resulted in a positive variance of \$58,333.

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.