



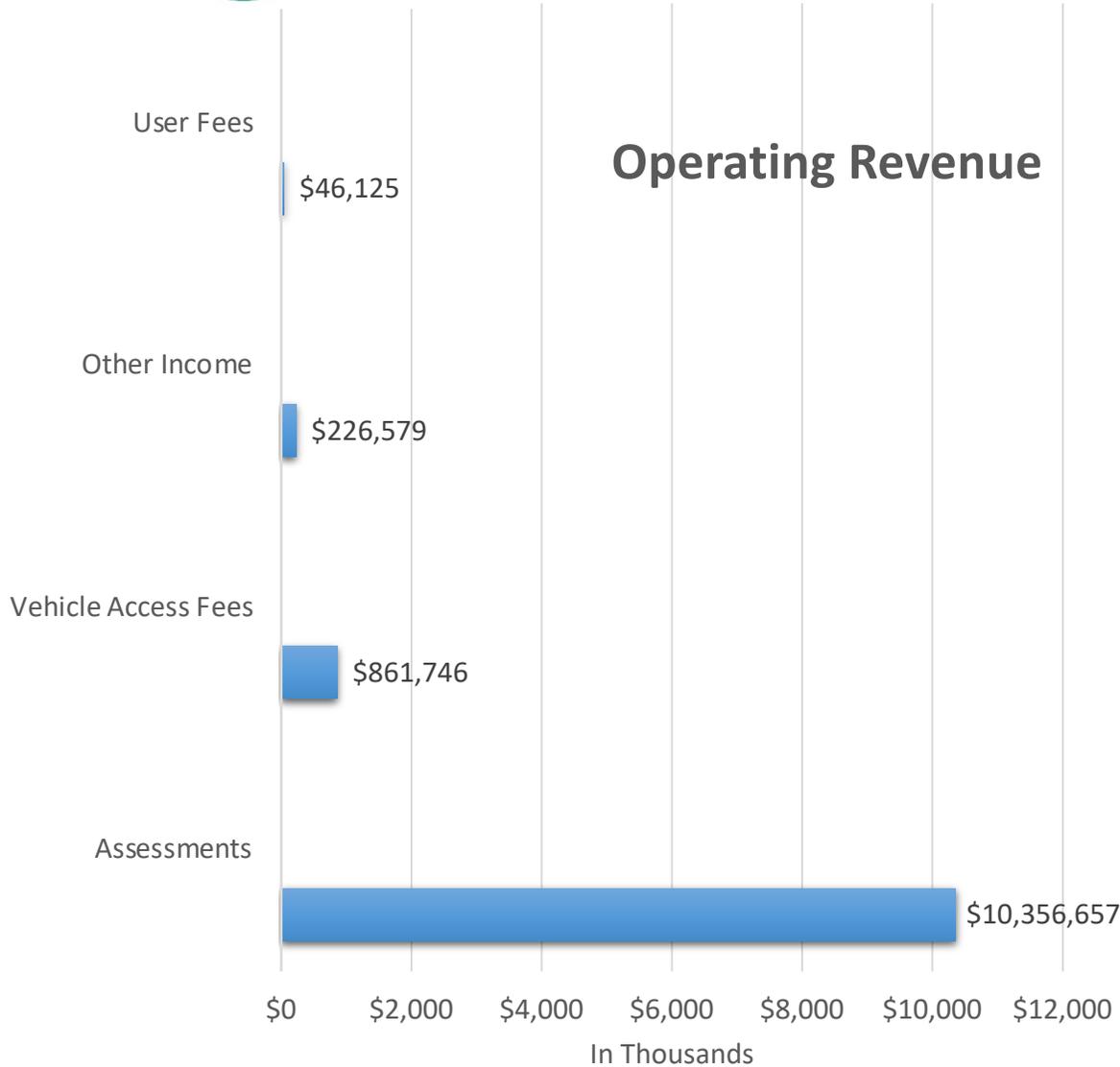
Monthly Financial Results

As of June 30, 2020

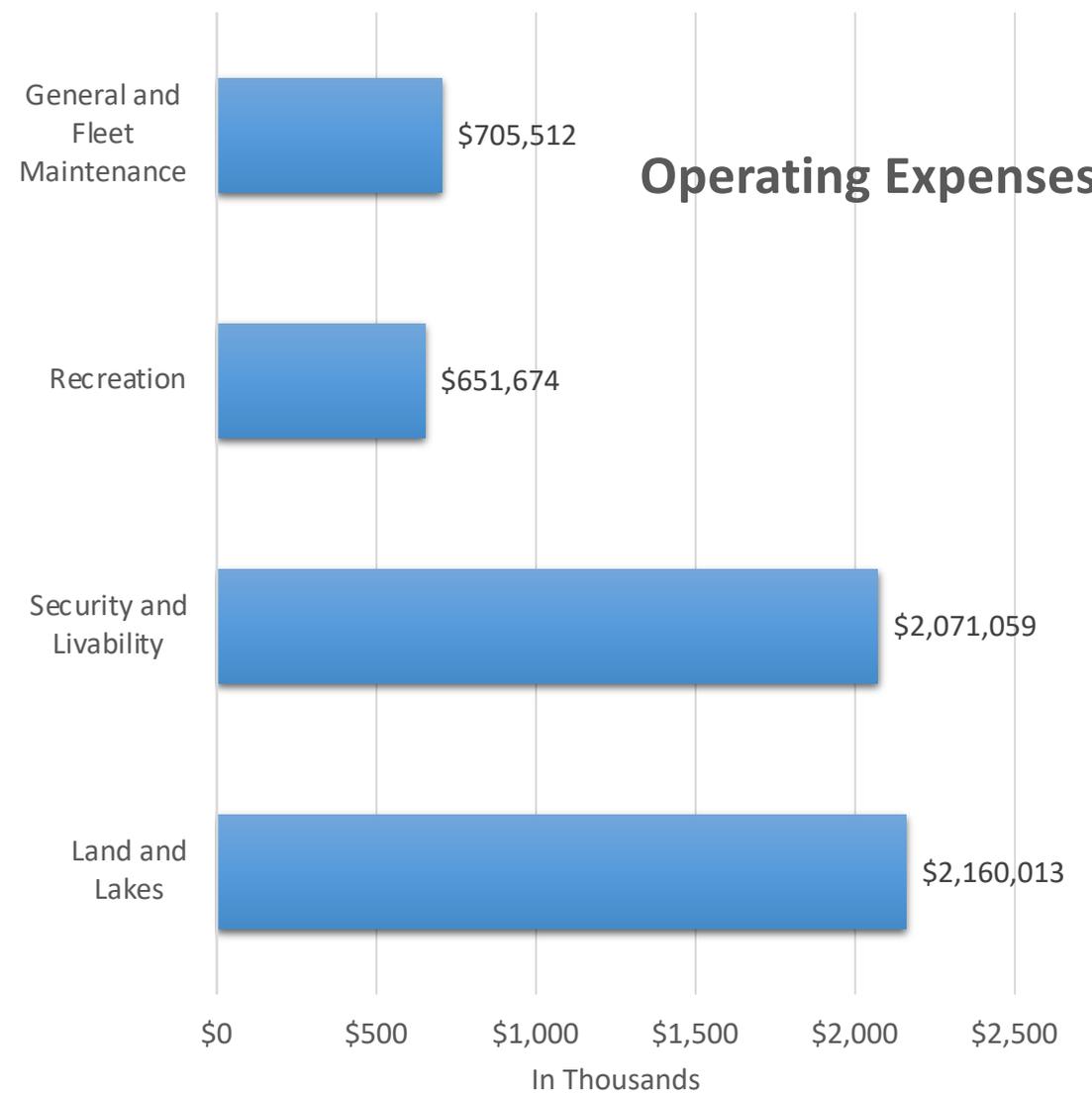


Operating Revenue and Expenses to June 30, 2020

Operating Revenue



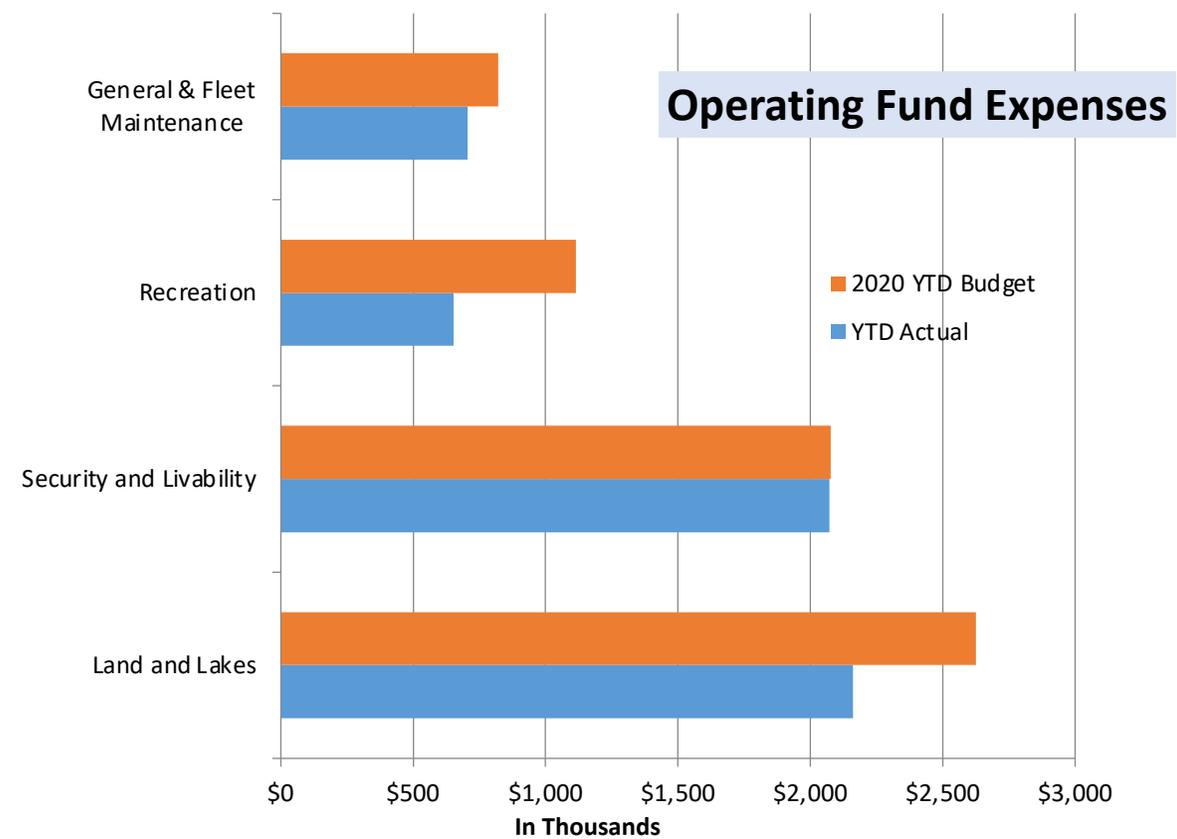
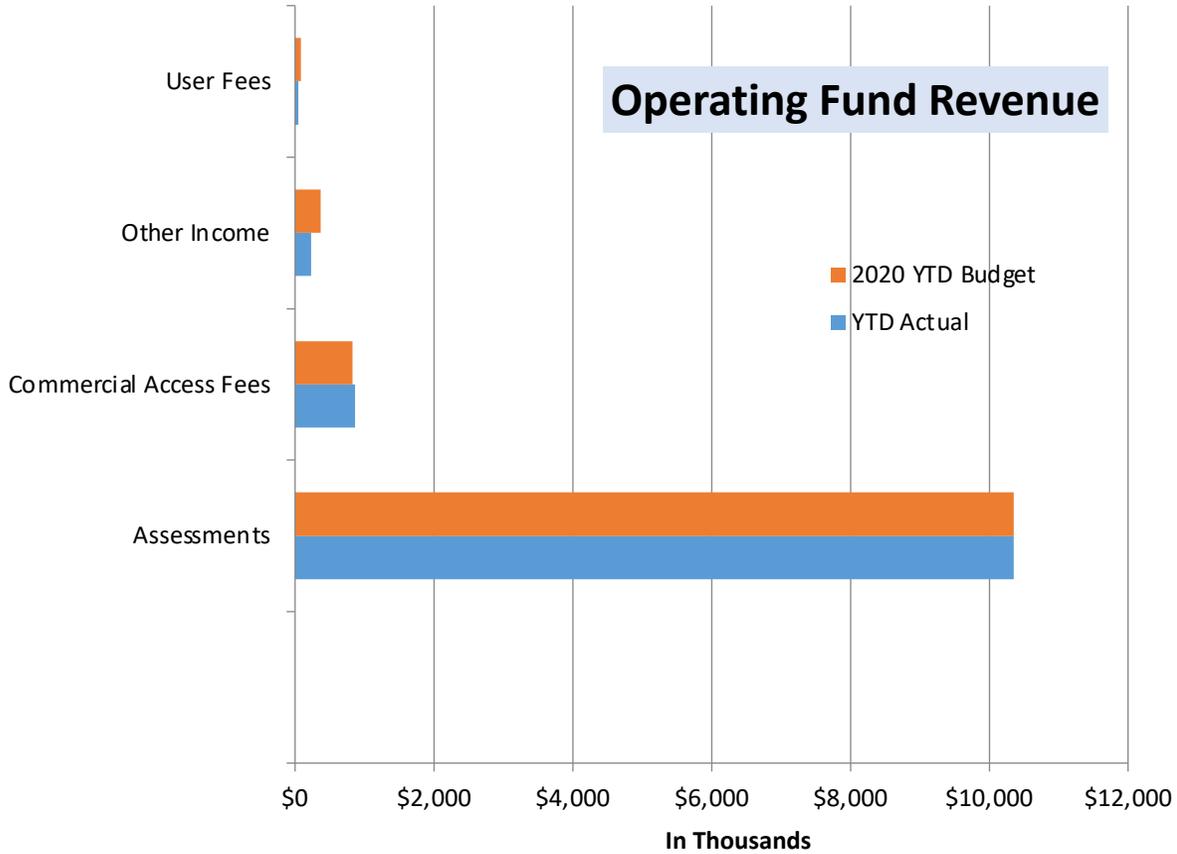
Operating Expenses



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 June 30, 2020

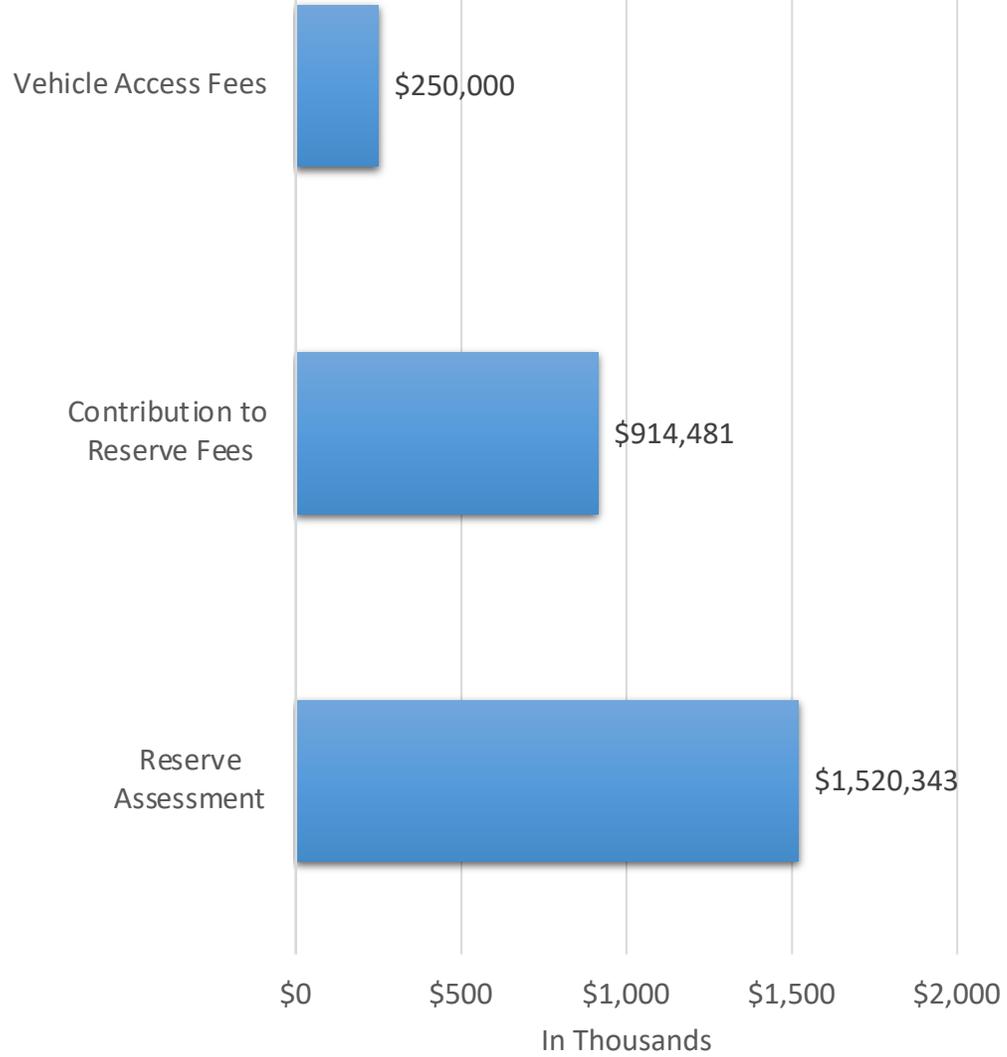


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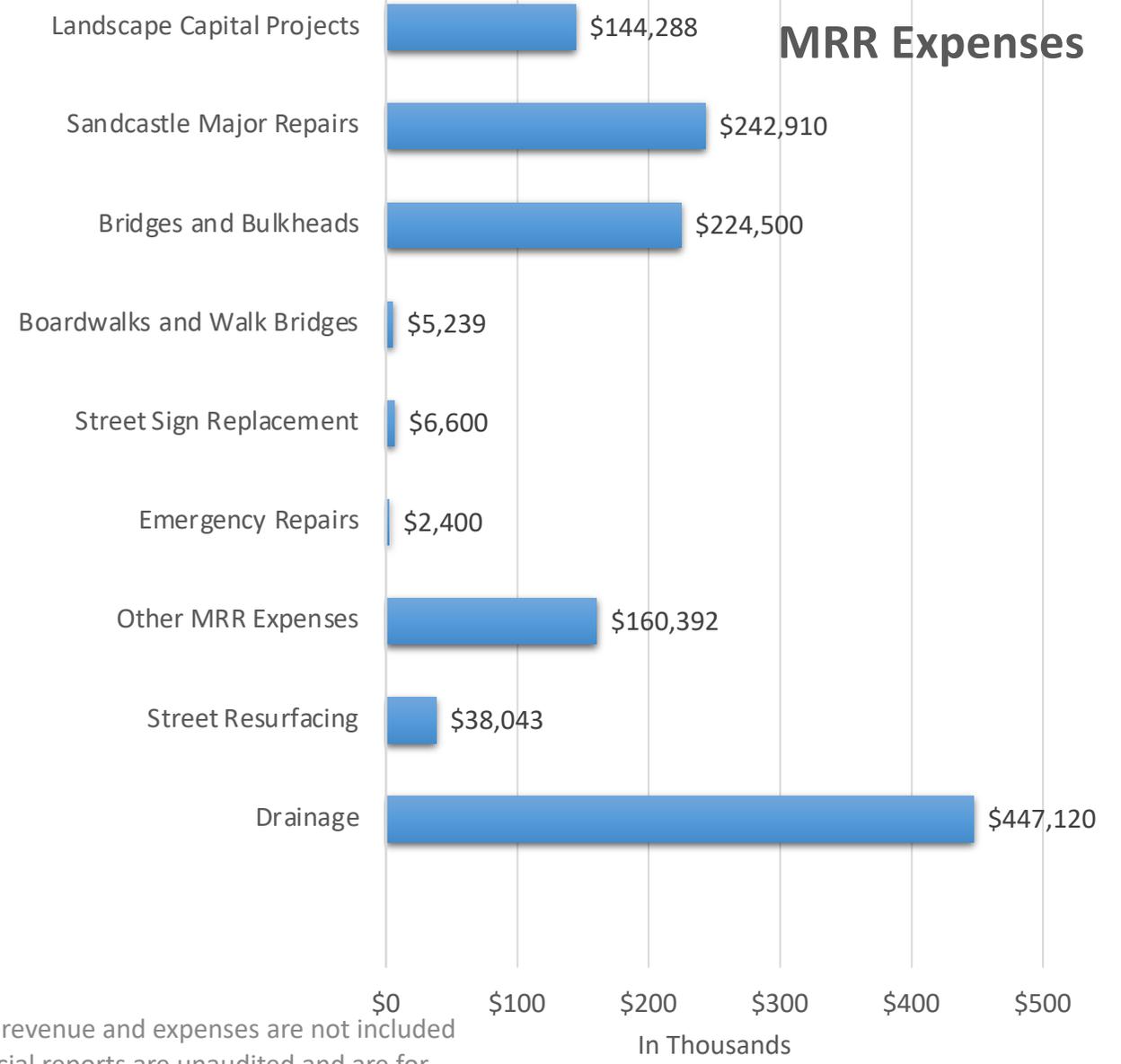


MRR Revenue and Expenses to June 30, 2020

MRR Revenue



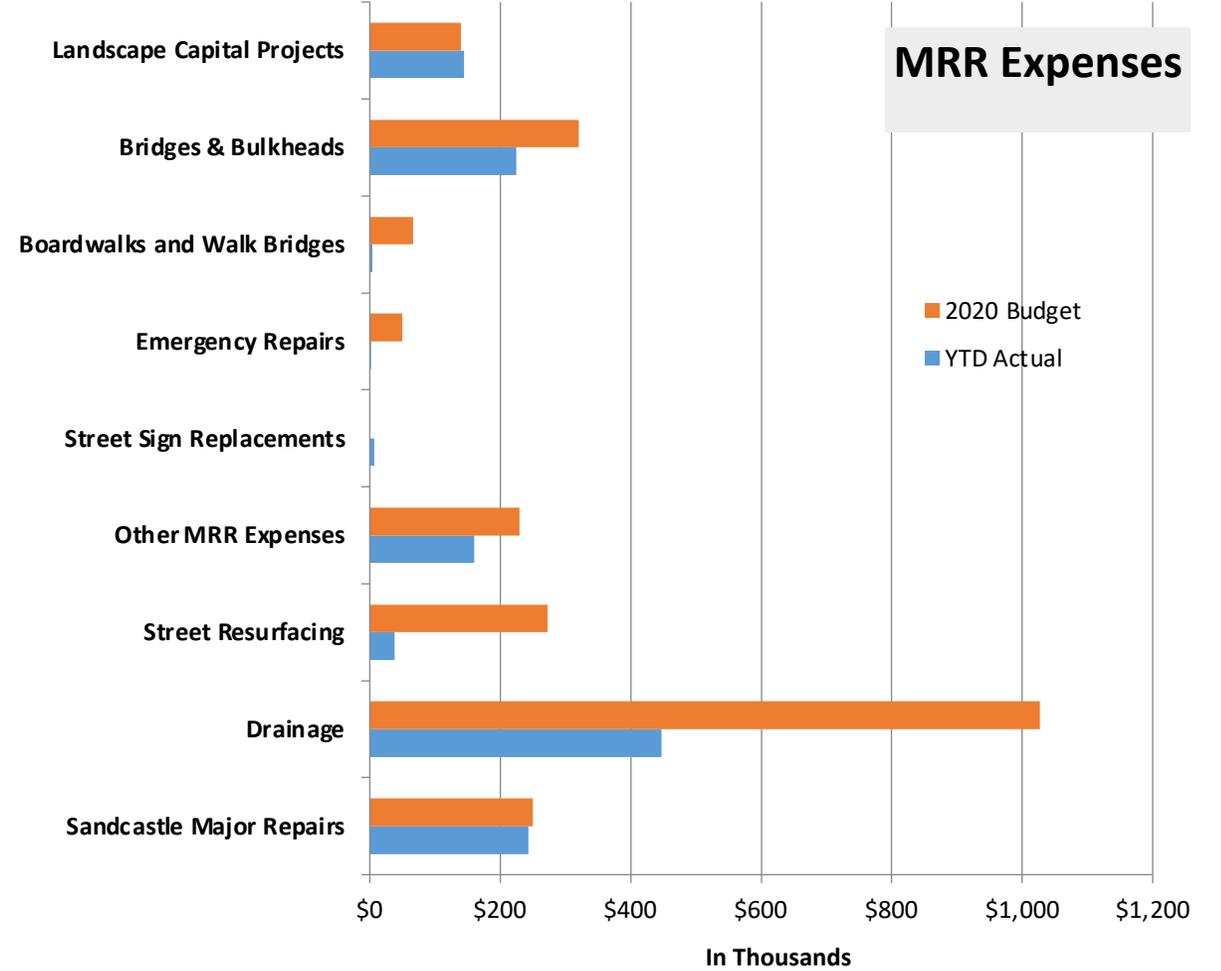
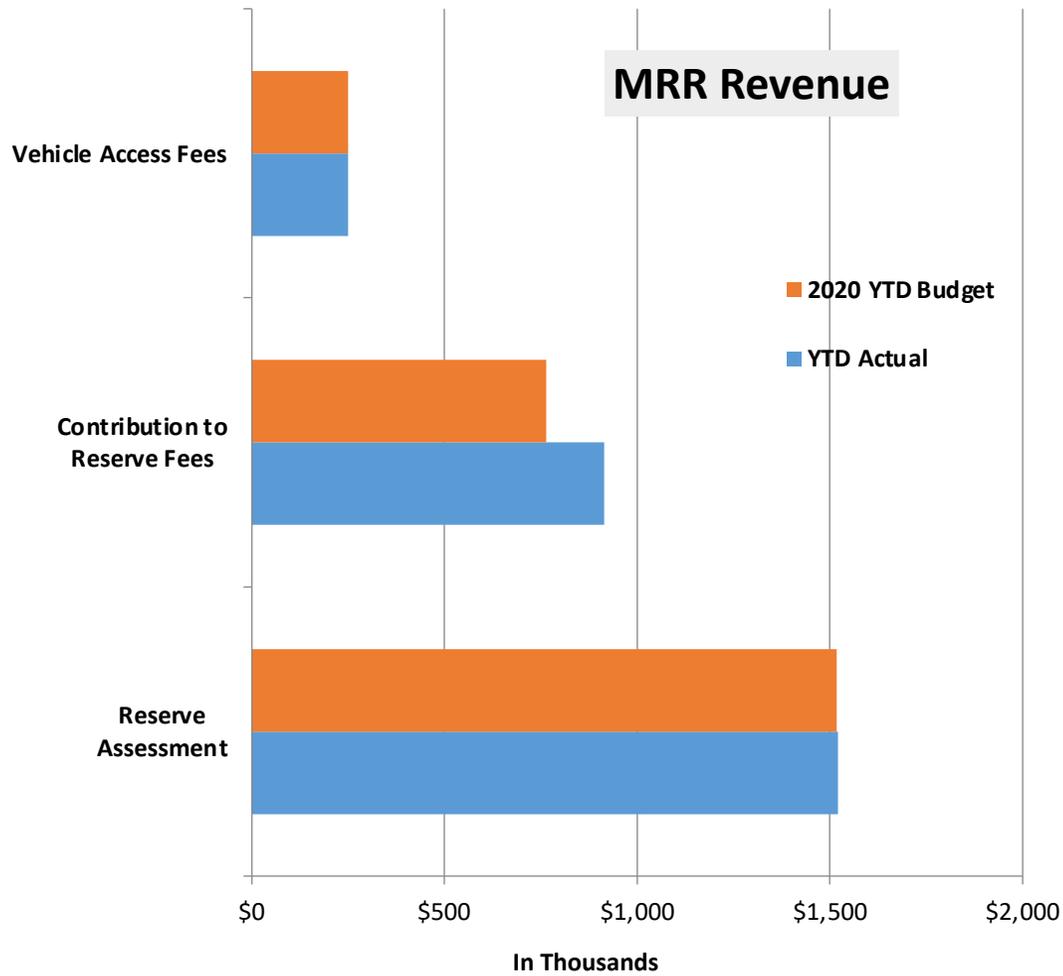
MRR Expenses



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MRR Budget to Actual Comparison June 30, 2020



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



Variance Analysis – June 30, 2020

We are now 3 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 start of the 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 May 31 report.

Total Revenue through June 30 is \$14,284,789, which is \$172,765 below budget.

Assessments, KICA's primary revenue source, totalled \$11,887,000 through June 30 and are in line with the \$11,871,273 budgeted.

- Through June 30, 99.5% 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 June are \$914,481 which is \$151,263 above budget budget.

- The Contributions to Reserve for the month of June were \$365,536, the highest single month in the history of the island.
- Based on July scheduled closings, we will be at 83% of our ANNUAL budget by August 1.

Vehicle Access Fees through June 30 are \$1,111,746 which is \$21,906 below the \$1,133,652 budgeted. Strong rebounds in fleet sales and bicycle decals have contributed to this. We did experience lower than normal day passes due to the pandemic and are \$54,000 behind budget; this is probably not recoverable.

- Vehicle Access Fees through June of 2019 were \$1,221,598.

Investment Income through June 30, 2020 is below budget by \$150,252 as the market continues to recover; this represents an improvement over our May shortfall of \$200,702. 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 June 30 are \$6,736,078, which is 22.94% better than the budget of \$8,741,090.



Payroll Expenses, which typically represent KICA's largest expense line item, are \$3,161,047 through June 30. This amount is 7.55% better than the \$3,419,365 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 June at \$223,121 which is 49.65% better than the \$443,166 budgeted. \$125,000 of the variance is a timing variance due to delays in completing the pool heater at The Sandcastle. This project is now largely complete and will be reflected in July. Other favorable variances represent delays or deferrals that will be revisited once there is more certainty around the pandemic's impact on 2020 revenue.

Common Area Repairs and Maintenance at June 30 total \$947,295 which is \$342,599 below the budget of \$1,289,894. The actual total includes \$46,954 of expenses related to Hurricane Dorian mitigation which are not part of the 2020 budget.

Utilities, which are included in the Common Area total, ended June \$117,074 below budget largely thanks to savings in irrigation due to well-timed rainfall, changes in watering philosophies, and new moisture monitoring tools. Closed facilities also resulted in lower than budgeted electricity and water usage.

The delay or cancellation of educational and community events represent \$55,763 of the favorable variance.

Operating/Administrative Expenses ended June totaling \$1,134,125 which is 8.00% below the budget of \$1,232,714. Some notable variances include:

- Uniforms - \$13,863 favorable variance
- Legal Fees - \$22,708 favorable variance
- Insurance (Property and Worker's Compensation) - \$28,853 favorable variance

Landscape Capital Projects finished June totaling \$144,288 which is \$4,287 or 3% over 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 \$40,000 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 June 30 total \$1,126,204 and are 49% under the budget of \$2,215,950. 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 six months of 2020, which resulted in a positive variance of \$47,600.

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.