

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

Q1 2023

Quarterly Finance Report



Executive Summary

Consolidated Balance Sheet

- KICA continues to have a strong balance sheet. Significant fund balances will exist in Q1 due to 75% of revenues being recorded while expenses are incurred throughout the year.
- The new look to the balance sheet more closely resembles the audited financial presentation.
- **Operating Cash** is composed of checking, money market and sweep accounts. No more than \$250K (FDIC insured limit) is maintained in any one account.
- **Investments** are now consolidated onto one line. Please refer to the Cook Street / Morgan Stanley investment report included later in this report and posted separately on KICA's website for an investment summary.
 - Operating investments are currently invested in treasuries with maturities in compliance with the Financial Controls Manual and that are set based on cash flow analyses. Maturities are: 4-6 week and 3, 6, 9 & 12-month.
- Assessments receivable are 95% collected as of March 31. All other receivables are current.



Executive Summary

Consolidated Balance Sheet

- The **Special Assessment Receivable** represents the amount yet to be billed from the 2020 flood mitigation assessment approved by the membership.
 - Members could pay in one up front payment or in equal installments each June over 5 years. The last billing will occur in June, 2024.
- In accordance with the member vote in 2020, these funds will be restricted solely for future water management needs.
- A significant portion of **Payroll Liabilities** is accumulated vacation time not yet taken. It also includes accrued payroll for the given period, the amount of which varies depending on when the pay period ends in that month.
- **Accounts Payable** is current. Approximately \$508K was paid the first week of April.



Executive Summary

Consolidated Balance Sheet

- **Deferred Revenue - Flood Mitigation** is the amount left to be paid for flood projects from the 2020 assessment. Revenue is recognized as projects are completed. \$109K was recognized in Q1.
 - In accordance with the member vote in 2020, any unspent funds after completion of all projects will be restricted solely for future water management needs
- **Deferred Revenue - Royalty Income** resulted from the 2014 agreement with Comcast that included an up front payment that is recorded here and amortized to revenue over the 12-year agreement. The amount to be amortized with the next 12 months is recorded in the current liabilities section.



Executive Summary

Operating Income Statement

- The budget strategy for **Assessments Revenue** depicts revenue as it is received to benefit cash flow analyses. Revenue is recorded when billed and is on track.
- **User Fees** revenue is tracking. The Q1 variance results from kayak storage revenue received in Q1 but budgeted evenly throughout the year.
- **Other Income** is tracking higher than budgeted due to high access fee activity and BOD approved expenditures from the General Fund recorded as revenue in the Preserve Fund.



Executive Summary

Operating Income Statement

- **Investment Income** for Q1 is higher than budgeted due to significant realized gains from the sale of positions during the transition to a new investment advisor and portfolio realignment.
- **Common Area R/M** is tracking higher than Q1 budget due to the timing of expenditures related to tree trimming and Sandcastle work.
- The budget for **Other (Gains)** anticipated the sale of the shuttle van which sold for \$27,500.
 - It also includes unrealized gains from investments which is historically not budgeted.



Executive Summary

Operating Income Statement

- The budgeted amount for **Capital Equipment Purchases** should have had an offset in the same amount to net zero. This is a tracking mechanism for capitalized expenditures that are “moved” to the Property Fund.
- **Depreciation** - Many assets become fully depreciated throughout 2023 which will decrease the rate of monthly depreciation.



Executive Summary

MRR Income Statement

- The budget strategy for **Assessments** revenue depicts revenue as it is received to benefit cash flow analyses.
 - The 2023 budget includes flood mitigation revenue which is recognized from deferred revenue as expenditures occur.
 - \$109K of expenditures have been recognized as of Q1.
- The 1st phase of “The Cape” project which is included in the **Contributions to Reserve** budget is delayed to 2024 due to labor and supply chain challenges.
 - Otherwise, CTR is tracking.
- KICA has experienced higher than expected Commercial Access activity. In addition, most bike tag fees were paid in March while budgeted in April.



Executive Summary

MRR Income Statement

- **Investment Income** for Q1 is higher than budget due to significant realized gains from the sale of positions during the transition to a new investment advisor and portfolio realignment.
- **Q1 Capital Projects - MRR** expenses were less than forecast, but a number of large projects are due to be completed in Q2.
- **Other (Gains)** includes unrealized gains from investments which is not historically budgeted.



Q1: FOR THE PERIOD ENDING MARCH 31, 2023

Consolidated Balance Sheet



Kiawah Island Community Association, Inc.

Consolidated Balance Sheet

As of March 31, 2023

	General	Recreation	V-Gate	OP Preserve	Property	Operating Combined Total	Reserve	Consolidated Total
ASSETS								
Current Assets								
Operating Cash	(133,013)	341,631	52,882	266,858	(119,361)	408,996	1,557,501	1,966,497
Investments	11,255,520	3,548	362,476	92,583	2,531,039	14,245,166	14,368,477	28,613,643
Accounts Receivable	845,645	72,681	6,426	26,024	0	950,777	271,998	1,222,775
Prepaid Expenses	75,908	42,983	0	0	0	118,891	57,000	175,891
Total Current Assets	12,044,059	460,843	421,784	385,466	2,411,677	15,723,830	16,254,976	31,978,805
Fixed Assets								
Depreciable Assets (net of accum. depreciation)	0	0	0	0	2,338,733	2,338,733	0	2,338,733
Land	0	0	0	0	408,448	408,448	0	408,448
Total Fixed Assets	0	0	0	0	2,747,181	2,747,181	0	2,747,181
Other Assets								
Special Assessment Receivable	888,614	0	0	0	0	888,614	0	888,614
Total Other Assets	888,614	0	0	0	0	888,614	0	888,614
TOTAL ASSETS	13,432,673	460,843	421,784	385,466	5,158,859	19,859,625	15,754,976	35,614,601
LIABILITIES AND FUND BALANCE								
Current Liabilities								
Payroll Liabilities	490,757	50,223	0	0	0	540,980	0	540,980
Deposits and Prepaid Assessments	25,861	20,575	0	0	0	46,436	0	46,436
Accounts Payable and Accrued Liabilities	160,525	14,686	0	0	0	175,211	394,956	570,167
Deferred Revenue - Royalty Income	50,157	0	0	0	0	50,157	0	50,157
Total Current Liabilities	727,300	85,484	0	0	0	812,784	394,956	1,207,740
Non-Current Liabilities								
Deferred Revenue - Flood Mitigation	1,447,467	0	0	0	0	1,447,467	0	1,447,467
Deferred Revenue - Royalty Income	137,931	0	0	0	0	137,931	0	137,931
Total Non-Current Liabilities	1,585,399	0	0	0	0	1,585,399	0	1,585,399
Fund Balance								
Fund Balance	10,619,975	375,360	421,784	385,466	5,158,859	16,961,442	15,860,019	32,821,462
Due To/From	0	0	0	0	0	0	0	0
Total Fund Balance	10,619,975	375,360	421,784	385,466	5,158,859	16,961,442	15,860,019	32,821,462
TOTAL LIABILITIES/FUNDS	12,932,673	460,843	421,784	385,466	5,158,859	19,359,625	16,254,976	35,614,601

Q1: FOR THE PERIOD ENDING MARCH 31, 2023

Consolidated Income Statement



Kiawah Island Community Association, Inc.
Consolidated Income Statement
March 31, 2023

	Year-to-Date		YTD Variance		2023	Remaining
	Actual	Budget	\$	%	Budget	Budget
Total Revenue						
Operating Revenues						
Assessments	13,631,161	12,909,599	721,561	5.6%	13,979,389	348,229
Contribution to Reserves	549,332	762,500	(213,169)	-28.0%	3,050,000	2,500,669
Commercial Access Fees	995,709	784,196	211,513	27.0%	2,162,085	1,166,376
User Income	66,518	45,467	21,050	46.3%	602,802	536,284
Other Income	432,000	273,616	158,384	57.9%	999,593	567,593
Total Operating Revenues	15,674,719	14,775,378	899,340	6.1%	20,793,869	5,119,150
Non-Operating Revenue						
Investment Income	342,993	121,150	221,843	183.1%	500,000	157,007
Royalty Income	99,437	77,539	21,898	28.2%	310,156	210,719
Total Non-Operating Rev.	442,431	198,689	243,742	122.7%	810,156	367,725
Total Revenue	16,117,149	14,974,067	1,143,082	7.6%	21,604,025	5,486,876
Total Expenses						
Operating Expense						
Payroll Expenses	2,058,544	2,159,943	101,398	4.7%	8,796,135	6,737,591
Building/Equipment R/M	244,232	263,959	19,727	7.5%	746,191	501,959
Common Area R/M	489,111	414,656	(74,455)	-18.0%	2,534,924	2,045,814
General & Administrative Expenses	810,797	802,203	(8,593)	-1.1%	2,376,775	1,565,978
Capital Projects - LCI	108,090	105,000	(3,090)	-2.9%	420,000	311,910
Capital Projects - MRR	1,113,135	2,450,771	1,337,636	54.6%	5,427,681	4,314,546
Total Operating Expense	4,823,909	6,196,532	1,372,623	22.2%	20,301,706	15,477,796
Non-Operating Expense						
Community Program Support	0	0	0	0.0%	0	0
Interfund Transfers	0	0	0	0.0%	0	0
Other (Gains)/Losses	(134,029)	(25,000)	109,029	436.1%	(25,000)	109,029
Capital Equipment Purchases	3,137	159,992	156,855	98.0%	187,492	184,355
Depreciation	98,584	85,000	(13,584)	-16.0%	340,000	241,416
Total Non-Operating Exp.	(32,308)	219,992	252,300	114.7%	502,492	534,800
Total Expenses	4,791,601	6,416,524	1,624,923	25.3%	20,804,198	16,012,597
NET SURPLUS/(DEFICIT)	11,325,548	8,557,543	2,768,005	32.3%	799,827	(10,525,721)

Q1: FOR THE PERIOD ENDING MARCH 31, 2023

Operating Income Statement



Kiawah Island Community Association, Inc.

Operating Income Statement

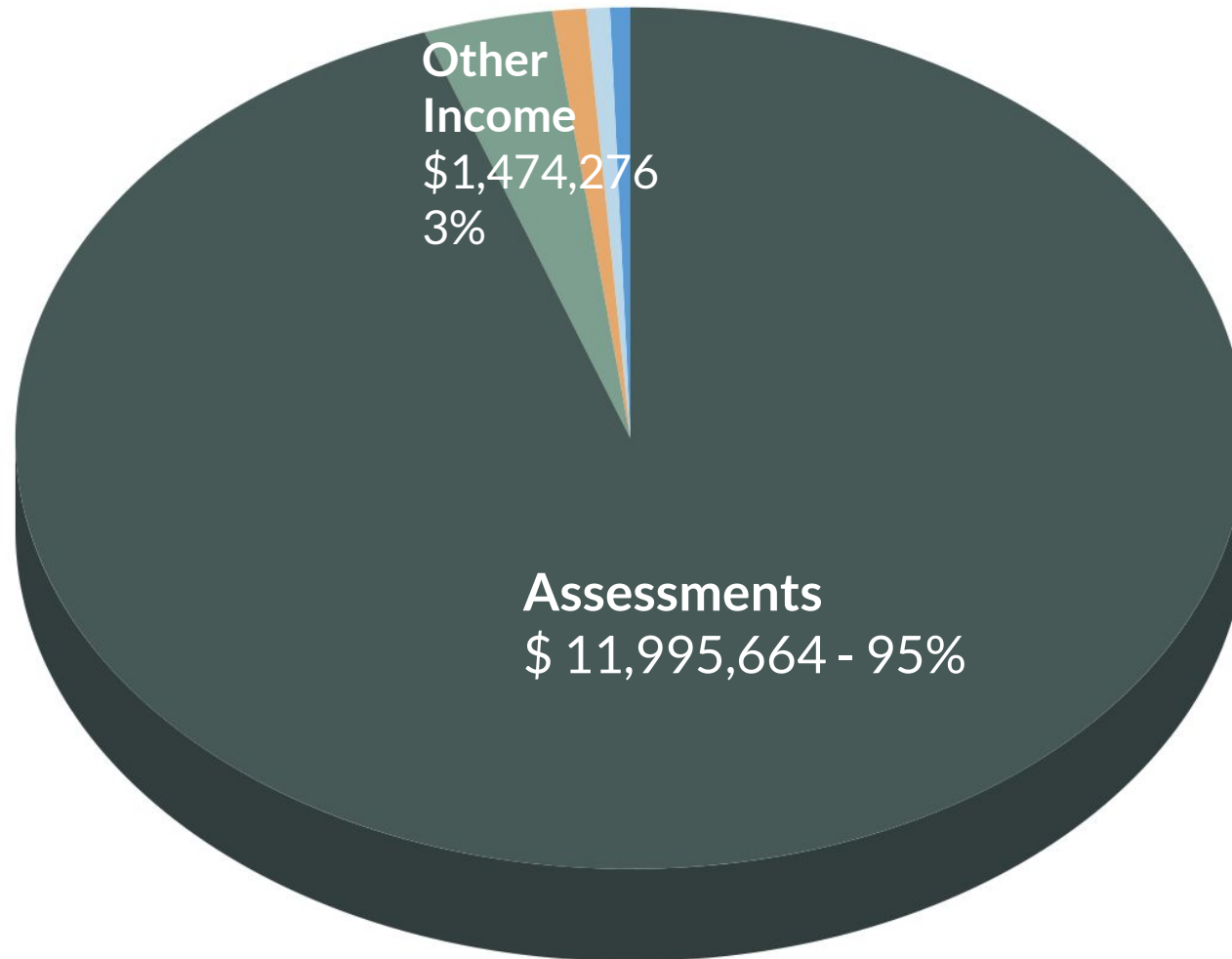
for period ending March 31, 2023

	Year-to-Date		YTD Variance		2023	Remaining
	Actual	Budget	\$	%	Budget	Budget
Total Revenue						
Operating Revenues						
Assessments	11,995,664	11,443,096	552,568	4.8%	12,001,196	5,532
User Fees	67,692	43,717	23,975	54.8%	211,315	143,623
Other Income	431,688	275,366	156,322	56.8%	1,391,080	959,392
Total Operating Revenues	12,495,044	11,762,179	732,865	6.2%	13,603,591	1,108,547
Non-Operating Revenue						
Investment Income	112,176	51,150	61,026	119.3%	202,000	89,824
Royalty Income	77,889	77,539	349	0.5%	310,156	232,268
Total Non-Operating Rev.	190,064	128,689	61,375	47.7%	512,156	322,092
Total Revenue	12,685,109	11,890,868	794,241	6.9%	14,115,747	1,430,638
Total Expenses						
Operating Expense						
Payroll Expenses	2,058,544	2,159,943	101,398	4.7%	8,796,135	6,737,591
Building/Equipment R/M	247,369	263,959	16,590	6.3%	746,191	498,822
Common Area R/M	489,111	414,656	(74,455)	-18.0%	2,534,924	2,045,814
General & Administrative Expenses	789,248	802,203	12,956	1.6%	2,376,775	1,587,527
Total Operating Expense	3,584,272	3,640,760	56,489	1.6%	14,454,025	10,869,753
Non-Operating Expense						
Interfund Transfers	250,000	0	(250,000)	0.0%	0	(250,000)
Other (Gains)/Losses	(100,460)	(25,000)	75,460	301.8%	(25,000)	75,460
Capital Equipment Purchases	0	159,992	159,992	100.0%	187,492	187,492
Depreciation	98,584	85,000	(13,584)	-16.0%	340,000	241,416
Total Non-Operating Exp.	248,124	219,992	(28,131)	-12.8%	502,492	254,369
Total Expenses	3,832,395	3,860,753	28,357	0.7%	14,956,517	11,124,121
NET SURPLUS/(DEFICIT)	8,852,713	8,030,115	822,598	10.2%	(840,770)	(9,693,483)

Operating Income

for the period ending March 31, 2023

\$12,685,109



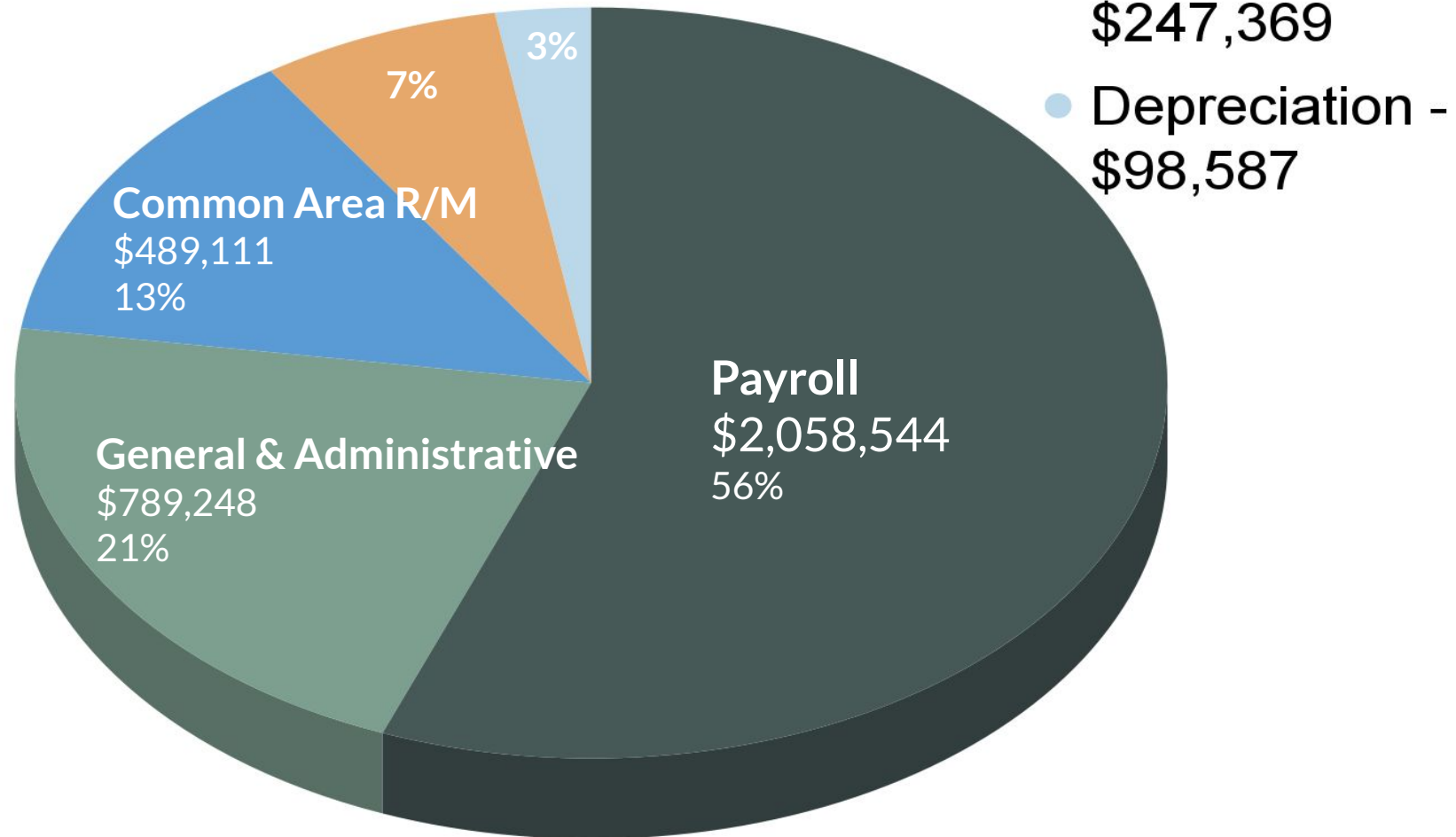
- Investment Income \$112,176: 1%
- Royalty Income \$77,889: 1%
- User Fees \$67,692: 1%



Operating Expenses

for the period ending March 31, 2023

\$3,682,859



Q1: FOR THE PERIOD ENDING MARCH 31, 2023

MRR: Income Statement



Kiawah Island Community Association, Inc.

MRR Income Statement detail

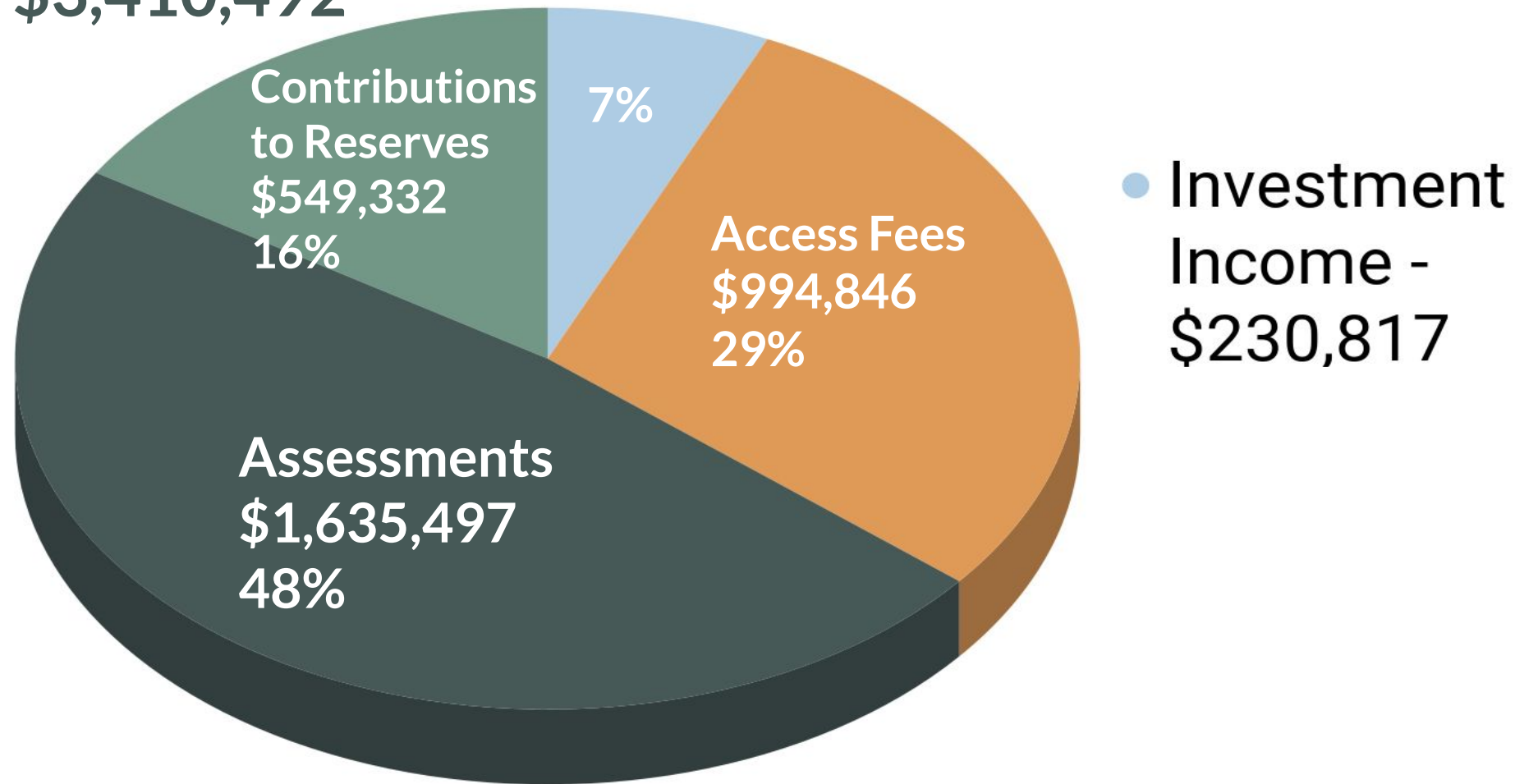
for period ending March 31, 2023

	Year-to-Date Actual	Budget	YTD Variance \$	%	2023 Budget	Remaining Budget
Total Revenue						
Operating Revenues						
Assessments	1,635,497	1,466,503	168,994	11.5%	1,978,193	342,696
Contribution to Reserves	549,332	762,500	(213,169)	-28.0%	3,050,000	2,500,669
Commercial Access Fees	994,846	784,196	210,650	26.9%	2,162,085	1,167,239
Total Operating Revenues	3,179,675	3,013,200	166,475	5.5%	7,190,278	4,010,604
Non-Operating Revenue						
Investment Income	230,817	70,000	160,817	229.7%	298,000	67,183
Total Non-Operating Rev.	230,817	70,000	160,817	229.7%	298,000	67,183
Total Revenue	3,410,492	3,083,200	327,292	10.6%	7,488,278	4,077,786
Total Expenses						
Operating Expense						
Capital Projects - LCI	108,090	105,000	(3,090)	-2.9%	420,000	311,910
Capital Projects - MRR	1,113,135	2,450,771	1,337,636	54.6%	5,427,681	4,314,546
Total Operating Expense	1,221,225	2,555,771	1,334,546	52.2%	5,847,681	4,626,456
Non-Operating Expense						
Interfund Transfers	(250,000)	0	250,000	0.0%	0	250,000
Other (Gains)/Losses	(33,569)	0	33,569	0.0%	0	33,569
Total Non-Operating Exp.	(283,569)	0	283,569	0.0%	0	283,569
Total Expenses	937,657	2,555,771	1,618,115	63.3%	5,847,681	4,910,024
NET SURPLUS/(DEFICIT)	2,472,835	527,428	1,945,407	368.8%	1,640,597	(832,238)

Major Repairs & Replacements Income

for the period ending March 31, 2023

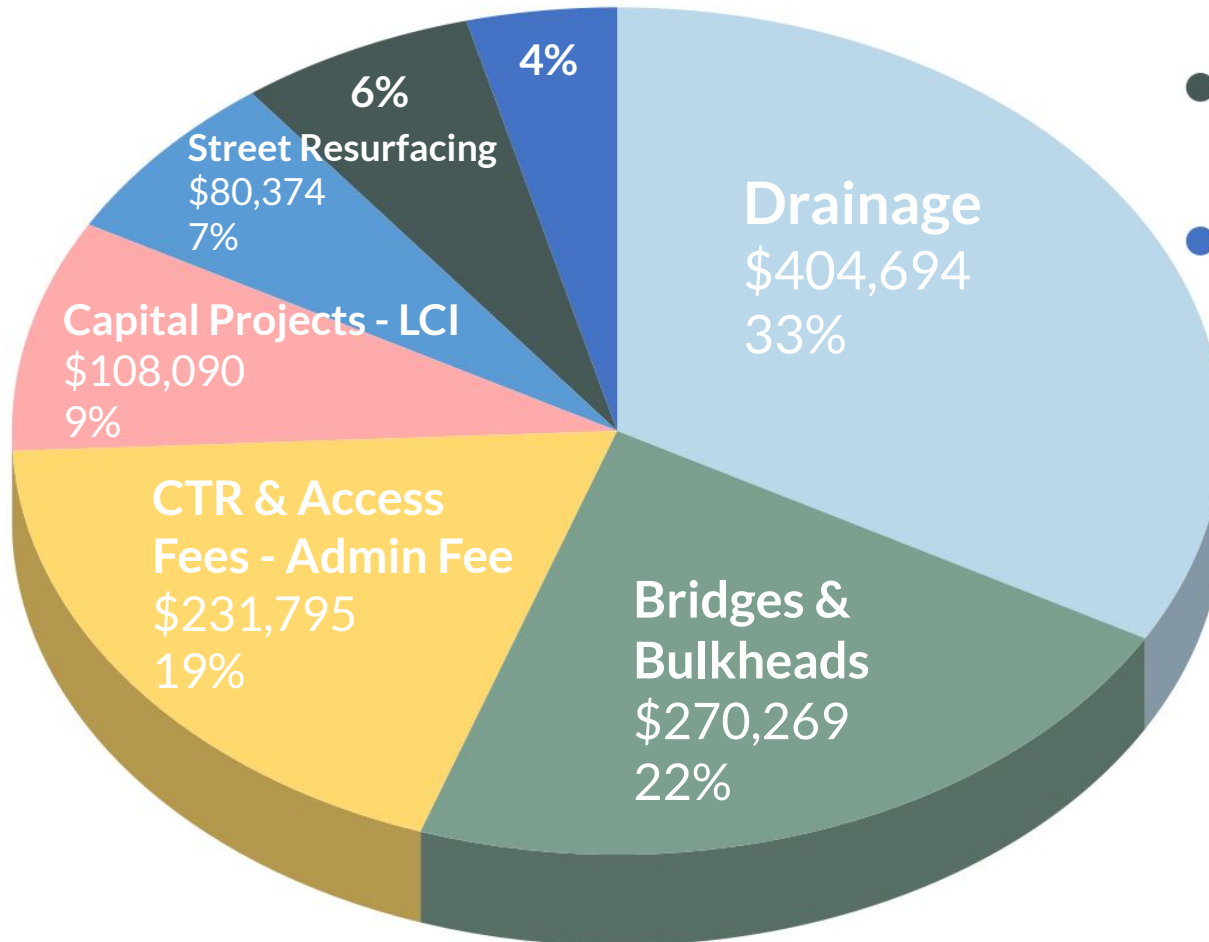
\$3,410,492



Major Repair & Replacement Expenses

for the period ending March 31, 2023

\$1,221,225



- Boardwalks & Walk Bridges - \$77,020
- Other - \$48,983

Other items include: leisure trails, aerial photography, emergency repairs, building maintenance, and infrastructure inspections.



Q1: AS OF MARCH 31, 2023

Investment Report



Investment Portfolio Asset Allocation

3/31/2023

	\$	%
Total Portfolio	\$28,812,678	
Reserve Fund	\$12,778,142	100%
Cash	\$160,184	1%
Fixed Income	\$8,965,926	70%
Equity	\$3,652,032	29%
Reserve Operating Investments	\$1,135,259	
General Operating Investments	\$14,899,278	

Sources: Morgan Stanley, Schwab. Equity includes Real Estate/REITs and MLP/Energy Infrastructure.

Please note: The portfolio balances as depicted above will not tie to the Balance Sheet(s) from the Q1 Finance Report because cash held within the investment portfolio is allocated to the Operating Cash line item, consistent with the audited financial statements.

Reserve Fund: Portfolio Value Summary

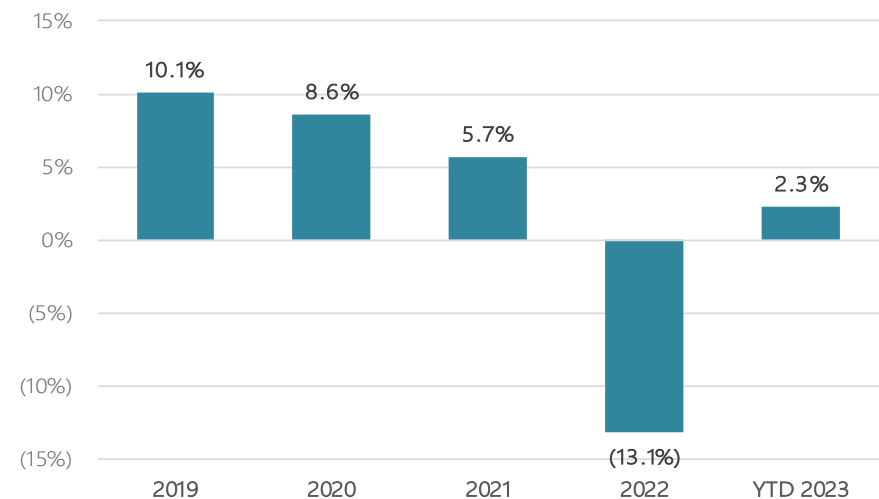
	Q1 2023	YTD 2023
Beginning Market Value	\$12,227,123	\$12,227,123
Net Contributions / Withdrawals	\$254,019	\$254,019
Investment Earnings	\$287,396	\$287,396
Change in Accrual	\$9,604	\$9,604
Ending Market Value	\$12,778,142	\$12,778,142
Time-Weighted Return % (Net of Fees)	2.29%	2.29%

Source: Morgan Stanley.

Change in Accrual = [End of MV] – [Investment Earnings] – [Net Contributions] – [Beginning MV]

The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals

Reserve Fund: Portfolio Performance



Source: Moneta (2019-Q3 2022), Morgan Stanley (Q4 2022-YTD 2023).

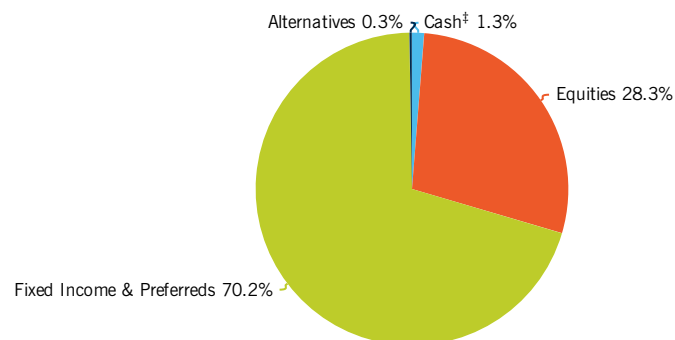
ASSET ALLOCATION: ACTUAL VS. TARGET

OCIO - Reserve Fund

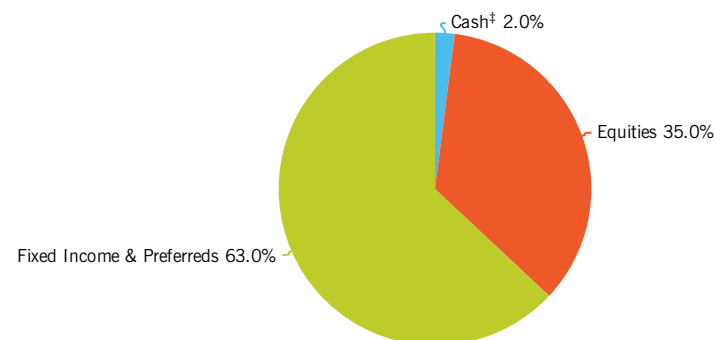
As of March 31, 2023 | Reporting Currency: USD

ACTUAL VS. TARGET

Actual



Target



ASSET ALLOCATION: ACTUAL VS. TARGET WITH MIN-MAX RANGE

Asset Class	Actual 03/31/2023		Target		Difference		Min-Max Range (%)	Actual Min - Max Range
	(\$)	(%)	(\$)	(%)	(\$)	(%)		
Cash[‡]	160,184.33	1.25	255,562.84	2.00	-95,378.51	-0.75	0 - 5	
Global Cash [‡]	160,184.33	1.25	0.00	0.00	160,184.33	1.25	-	
Equities	3,618,744.46	28.32	4,472,349.67	35.00	-853,605.22	-6.68	30 - 40	
US Equities	2,696,733.43	21.10	0.00	0.00	2,696,733.43	21.10	-	
International Equities	656,445.50	5.14	0.00	0.00	656,445.50	5.14	-	
Emerging & Frontier Mkt	265,565.53	2.08	0.00	0.00	265,565.53	2.08	-	
Fixed Income & Preferreds	8,965,925.72	70.17	8,050,229.41	63.00	915,696.31	7.17	60 - 65	

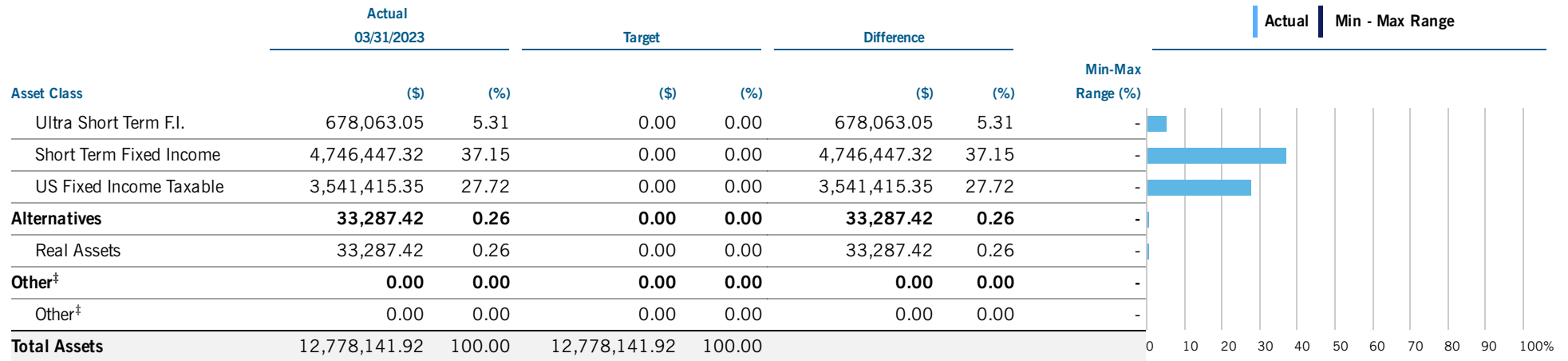
Target Allocation as determined by you and your Financial Advisor for this account only. Total Value and % of Portfolio are based on US Dollar values. [‡]Includes manually added and/or external accounts, assets and/or liabilities, as applicable, not held at Morgan Stanley Wealth Management. Please see Disclosures for more information.

ASSET ALLOCATION: ACTUAL VS. TARGET

OCIO - Reserve Fund

As of March 31, 2023 | Reporting Currency: USD

ASSET ALLOCATION: ACTUAL VS. TARGET WITH MIN-MAX RANGE (Continued)



Target Allocation as determined by you and your Financial Advisor for this account only. Total Value and % of Portfolio are based on US Dollar values. [‡]Includes manually added and/or external accounts, assets and/or liabilities, as applicable, not held at Morgan Stanley Wealth Management. Please see Disclosures for more information.