

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

Q2 2023

Quarterly Finance Report



Executive Summary

Consolidated Balance Sheet

- KICA continues to have a strong balance sheet. **Fund balances** will continue to decrease with relatively light revenue activities offset by heavy expenditures in Q3 and Q4. At year end, the General Fund will fund the Recreation Fund for its deficit fund balance consistent with normal practice.
- **Operating Cash** is composed of checking, money market and sweep accounts. As of June 30, KICA maintained a \$1.8 million balance in an existing, low risk, money market bank account earning 5.25%; all other bank accounts had balances at or below \$250,000.
- Operating cash is higher than normal due to heavy expenditures the first week of July.
- 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: 3, 6, 9 & 12-month.
- Annual assessments are 99.9% collected and Flood special assessments are 86% collected as of June 30. All other receivables are current.



Executive Summary

Consolidated Balance Sheet

- Prepaid expenses are high because KICA's insurance portfolio was finalized and paid in May. Most policies were paid in full in order to eliminate financing fees.
- Also included in Prepaid Expenses are up-front payments to contractors and vendors for island maintenance projects and Sandcastle events.
- Special Assessment Receivable (Flood) represents the final installment to be paid in 2024 net of those who paid in full at closing or in advance.
- 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 \$620k of the balance was paid the first week or so of July.



Executive Summary

Consolidated Balance Sheet

- **Deferred Revenue - Flood Mitigation** is the amount left to be paid for flood projects contemplated with the 2020 assessment. Revenue is recognized as projects are completed. \$177,500 was recognized in Q1 and Q2 of 2023.
- In accordance with the member vote in 2020, any unspent funds after completion of all projects will be restricted solely for major repairs and maintenance of those projects and future water management needs.
- Approximately \$920,000 is projected to be unspent and transferred to the Reserve Fund when all projects are completed.
- **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 within the next 12 months is recorded in the current liabilities section.



Executive Summary

Operating Income Statement

- **Assessment Revenue** is tracking above budget due to late charges being under budgeted.
- **User Income** is lagging against budget as of June 30 due to decreased Castle Grille activity at the Sandcastle caused by rain during Memorial Day weekend. Activity has rebounded well the 1st 2 weeks of July and made up much of that lag.
- **Other Income** is tracking higher than budgeted due to high access fee activity (a 15% administrative fee is recorded here) and BOD approved expenditures from the General Fund recorded as revenue in the Preserve Fund.



Executive Summary

Operating Income Statement

- **Investment Income** through Q2 is higher than budgeted primarily due to the performance of funds invested in the short-term T-bill ladder.
- Although staffing challenges have improved significantly, **payroll expenses** are tracking under budget due to open positions.
- **Building/Equipment R/M** is tracking savings through Q2 due to the timing of expenditures.
- The overage in **G & A Expenses**, which is net of overall savings across other G & A, is due to higher legal fees, BOD approved Preserve activities and higher insurance renewal premiums.
- 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

- **Interfund Transfers** zeros out in consolidation with the MRR Fund.
- 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** - Although many assets become fully depreciated throughout 2023 which will decrease the rate of monthly depreciation, the year end balance will approach \$360,000 due in part to unanticipated replacement of depreciated assets.



Executive Summary

MRR Income Statement

- The remaining budget for **Assessments** results from flood mitigation revenue yet to be recognized. Flood revenue is recognized from deferred revenue as expenditures occur.
 - \$177,500 of expenditures have been recognized in 2023 to-date.
- The 1st phase of “The Cape” project which is included in the **Contributions to Reserve** budget (\$800k) is delayed to 2024 due to labor and supply chain challenges.
 - May (\$327k) and June (\$687k) revenue has CTR tracking well. Jan - Apr averaged \$200k.
- KICA has experienced higher than expected **Commercial Access** activity.



Executive Summary

MRR Income Statement

- **Investment Income** through Q2 saw positive returns in the fixed income and equities markets. Please see the investment report later in this report and posted separately on the KICA web site.
- Although expenditures in **Capital Projects** continue to lag, we expect to spend the budget.
- **Interfund Transfers** zeros out when consolidated with operating funds.
- **Other (Gains)** includes unrealized gains from investments which is not historically budgeted.



Q2: FOR THE PERIOD ENDING JUNE 30, 2023

Consolidated Balance Sheet



Kiawah Island Community Association, Inc.
Consolidated Balance Sheet
June 30, 2023

	General	Recreation	V-Gate	OP Preserve	Property	Operating Combined Total	Reserve	Consolidated Total
ASSETS								
Current Assets								
Operating Cash	786,914.69	(61,714.50)	31,716.45	193,157.22	(175,360.04)	774,713.82	2,076,501.92	2,851,215.74
Investments	8,228,026.14	(1,550.21)	342,802.09	92,583.34	2,633,279.33	11,295,140.69	14,419,075.42	25,714,216.11
Accounts Receivable	719,540.00	28,733.23	240.84	1,472.79	0.00	749,986.86	9,509.03	759,495.89
Prepaid Expenses	565,300.29	29,370.46	0.00	0.00	0.00	594,670.75	89,500.00	684,170.75
Total Current Assets	10,299,781.12	(5,161.02)	374,759.38	287,213.35	2,457,919.29	13,414,512.12	16,594,586.37	30,009,098.49
Fixed Assets								
Depreciable Assets (net of accum. depreciation)	0.00	0.00	0.00	0.00	2,268,712.95	2,268,712.95	0.00	2,268,712.95
Land	0.00	0.00	0.00	0.00	408,448.28	408,448.28	0.00	408,448.28
Total Fixed Assets	0.00	0.00	0.00	0.00	2,677,161.23	2,677,161.23	0.00	2,677,161.23
Other Assets								
Special Assessment Receivable	427,886.34	0.00	0.00	0.00	0.00	427,886.34	0.00	427,886.34
Total Other Assets	427,886.34	0.00	0.00	0.00	0.00	427,886.34	0.00	427,886.34
TOTAL ASSETS	10,727,667.46	(5,161.02)	374,759.38	287,213.35	5,135,080.52	16,519,559.69	16,594,586.37	33,114,146.06
LIABILITIES AND FUND BALANCE								
Current Liabilities								
Payroll Liabilities	601,659.21	73,168.00	0.00	0.00	0.00	674,827.21	0.00	674,827.21
Event Deposits	13,841.30	28,265.00	0.00	0.00	0.00	42,106.30	0.00	42,106.30
Accounts Payable and Accrued Liabilities	278,298.66	28,169.68	0.00	0.00	0.00	306,468.34	470,552.75	777,021.09
Deferred Revenue - Royalty Income	50,156.60	0.00	0.00	0.00	0.00	50,156.60	0.00	50,156.60
Total Current Liabilities	943,955.77	129,602.68	0.00	0.00	0.00	1,073,558.45	470,552.75	1,544,111.20
Non-Current Liabilities								
Deferred Revenue - Flood Mitigation	1,378,929.69	0.00	0.00	0.00	0.00	1,378,929.69	0.00	1,378,929.69
Deferred Revenue - Royalty Income	125,392.16	0.00	0.00	0.00	0.00	125,392.16	0.00	125,392.16
Total Non-Current Liabilities	1,504,321.85	0.00	0.00	0.00	0.00	1,504,321.85	0.00	1,504,321.85
Fund Balance								
Fund Balance	8,279,389.84	(134,763.70)	374,759.38	287,213.35	5,135,080.52	13,941,679.39	16,124,033.62	30,065,713.01
Due To/From	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fund Balance	8,279,389.84	(134,763.70)	374,759.38	287,213.35	5,135,080.52	13,941,679.39	16,124,033.62	30,065,713.01
TOTAL LIABILITIES/FUNDS	10,727,667.46	(5,161.02)	374,759.38	287,213.35	5,135,080.52	16,519,559.69	16,594,586.37	33,114,146.06

Q2: FOR THE PERIOD ENDING JUNE 30, 2023

Consolidated Income Statement



Kiawah Island Community Association, Inc.

Consolidated Income Statement

June 30, 2023

	Year-to-Date		Variance		2023 Budget	Remaining Budget
	Actual	Budget	\$	%		
Total Revenue						
Operating Revenues						
Assessments	13,762,166	13,719,134	43,032	0.3%	13,979,389	217,223
Contribution to Reserves	1,819,747	1,525,000	294,746	19.3%	3,050,000	1,230,254
Commercial Access Fees	1,565,753	1,243,493	322,261	25.9%	2,162,085	596,332
User Income	200,690	267,689	(67,000)	-25.0%	602,802	402,112
Other Income	786,192	502,012	284,180	56.6%	999,593	213,401
Total Operating Revenues	18,134,548	17,257,328	877,219	5.1%	20,793,869	2,659,322
Non-Operating Revenue						
Investment Income	523,491	287,675	235,816	82.0%	500,000	(23,491)
Royalty Income	163,958	155,078	8,880	5.7%	310,156	146,198
Total Non-Operating Rev.	687,449	442,753	244,696	55.3%	810,156	122,707
Total Revenue	18,821,996	17,700,081	1,121,915	6.3%	21,604,025	2,782,029
Total Expenses						
Operating Expense						
Payroll Expenses	4,096,221	4,338,695	242,474	5.6%	8,796,135	4,699,913
Building/Equipment R/M	402,556	472,656	70,100	14.8%	746,191	343,635
Common Area R/M	1,337,044	1,354,111	17,066	1.3%	2,534,924	1,197,880
General & Administrative Expenses	1,432,871	1,353,641	(79,230)	-5.9%	2,376,775	943,904
Capital Projects - LCI	154,530	210,000	55,470	26.4%	420,000	265,470
Capital Projects - MRR	2,851,003	3,380,528	529,525	15.7%	5,427,681	2,576,678
Total Operating Expense	10,274,224	11,109,630	835,406	7.5%	20,301,706	10,027,481
Non-Operating Expense						
Interfund Transfers	0	0	0	0.0%	0	0
Other (Gains)/Losses	(221,064)	(25,000)	196,064	784.3%	(25,000)	196,064
Capital Equipment Purchases	254	187,492	187,239	99.9%	187,492	187,239
Depreciation	198,782	170,000	(28,782)	-16.9%	340,000	141,218
Total Non-Operating Exp.	(22,028)	332,492	354,520	106.6%	502,492	524,520
Total Expenses	10,252,197	11,442,122	1,189,926	10.4%	20,804,198	10,552,001
NET SURPLUS/(DEFICIT)	8,569,800	6,257,959	2,311,841	36.9%	799,827	(7,769,972)

Q2: FOR THE PERIOD ENDING JUNE 30, 2023

Operating Income Statement



Kiawah Island Community Association, Inc.

Operating Income Statement

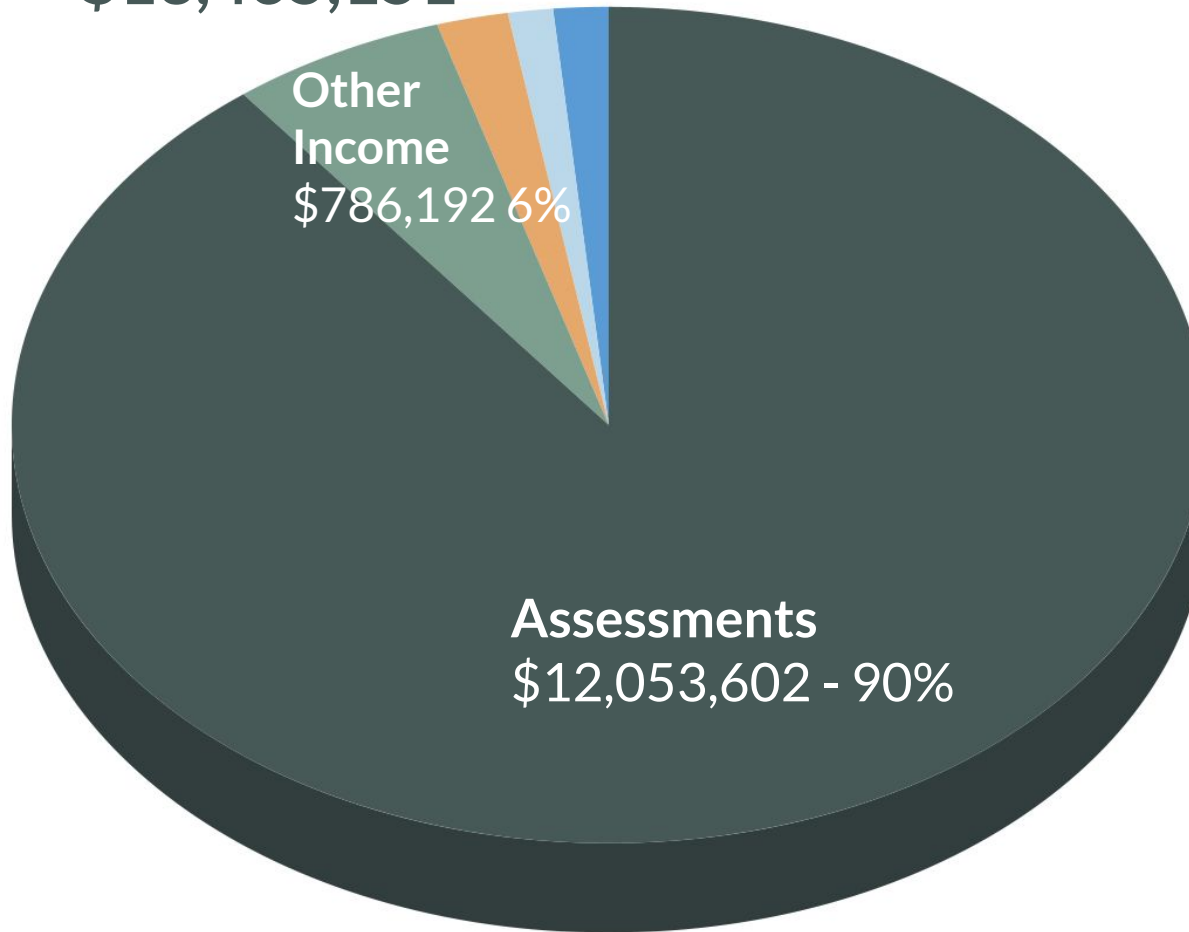
June 30, 2023

	Year-to-Date		Variance		2023 Budget	Remaining Budget
	Actual	Budget	\$	%		
Total Revenue						
Operating Revenues						
Assessments	12,053,602	11,963,441	90,161	0.8%	12,001,196	(52,406)
Commercial Access Fees	0	0	0	0.0%	0	0
User Income	200,690	267,689	(67,000)	(25.0%)	602,802	402,112
Other Income	786,192	502,012	284,180	56.6%	999,593	213,401
Total Operating Revenues	13,040,484	12,733,142	307,342	2.4%	13,603,591	563,107
Non-Operating Revenue						
Investment Income	260,709	117,675	143,034	121.6%	202,000	(58,709)
Royalty Income	163,958	155,078	8,880	5.7%	310,156	146,198
Total Non-Operating Rev.	424,667	272,753	151,914	55.7%	512,156	87,489
Total Revenue	13,465,151	13,005,895	459,256	3.5%	14,115,747	650,596
Total Expenses						
Operating Expense						
Payroll Expenses	4,096,221	4,338,695	242,474	5.6%	8,796,135	4,699,913
Building/Equipment R/M	402,556	472,656	70,100	14.8%	746,191	343,635
Common Area R/M	1,337,044	1,354,111	17,066	1.3%	2,534,924	1,197,880
General & Administrative Expenses	1,432,871	1,353,641	(79,230)	(5.9%)	2,376,775	943,904
Capital Projects - MRR	0	0	0	0.0%	0	0
Total Operating Expense	7,268,692	7,519,102	250,410	3.3%	14,454,025	7,185,332
Non-Operating Expense						
Community Program Support	0	0	0	0.0%	0	0
Interfund Transfers	250,000	0	(250,000)	0.0%	0	(250,000)
Other (Gains)/Losses	(85,528)	(25,000)	60,528	242.1%	(25,000)	60,528
Capital Equipment Purchases	254	187,492	187,239	99.9%	187,492	187,239
Depreciation	198,782	170,000	(28,782)	(16.9%)	340,000	141,218
Total Non-Operating Exp.	363,508	332,492	(31,016)	(9.3%)	502,492	138,984
Total Expenses	7,632,201	7,851,595	219,394	2.8%	14,956,517	7,324,316
NET SURPLUS/(DEFICIT)	5,832,950	5,154,301	678,649	13.2%	(840,770)	(6,673,720)

Operating Income

for the period ending June 30, 2023

\$13,465,151



- Investment Income \$260,709: 2%
- Royalty Income \$163,958: 1%
- User Fees \$200,690: 1%

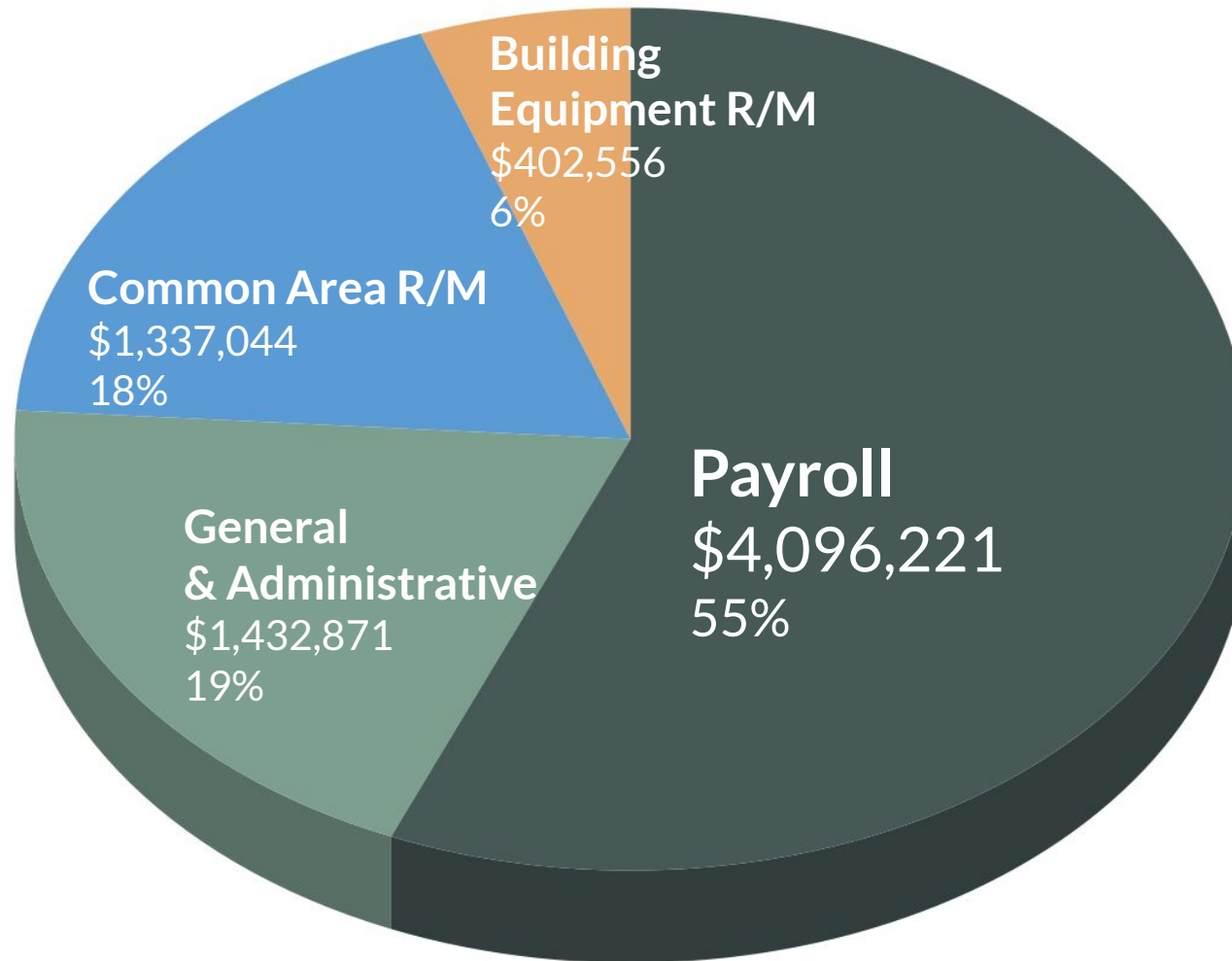
Other items include: CTR Admin Fee, landscape and maintenance services revenue, other miscellaneous.



Operating Expenses

for the period ending June 30, 2023

\$7,268,692



Q2: FOR THE PERIOD ENDING JUNE 30, 2023

MRR: Income Statement



Kiawah Island Community Association, Inc.

MRR Income Statement

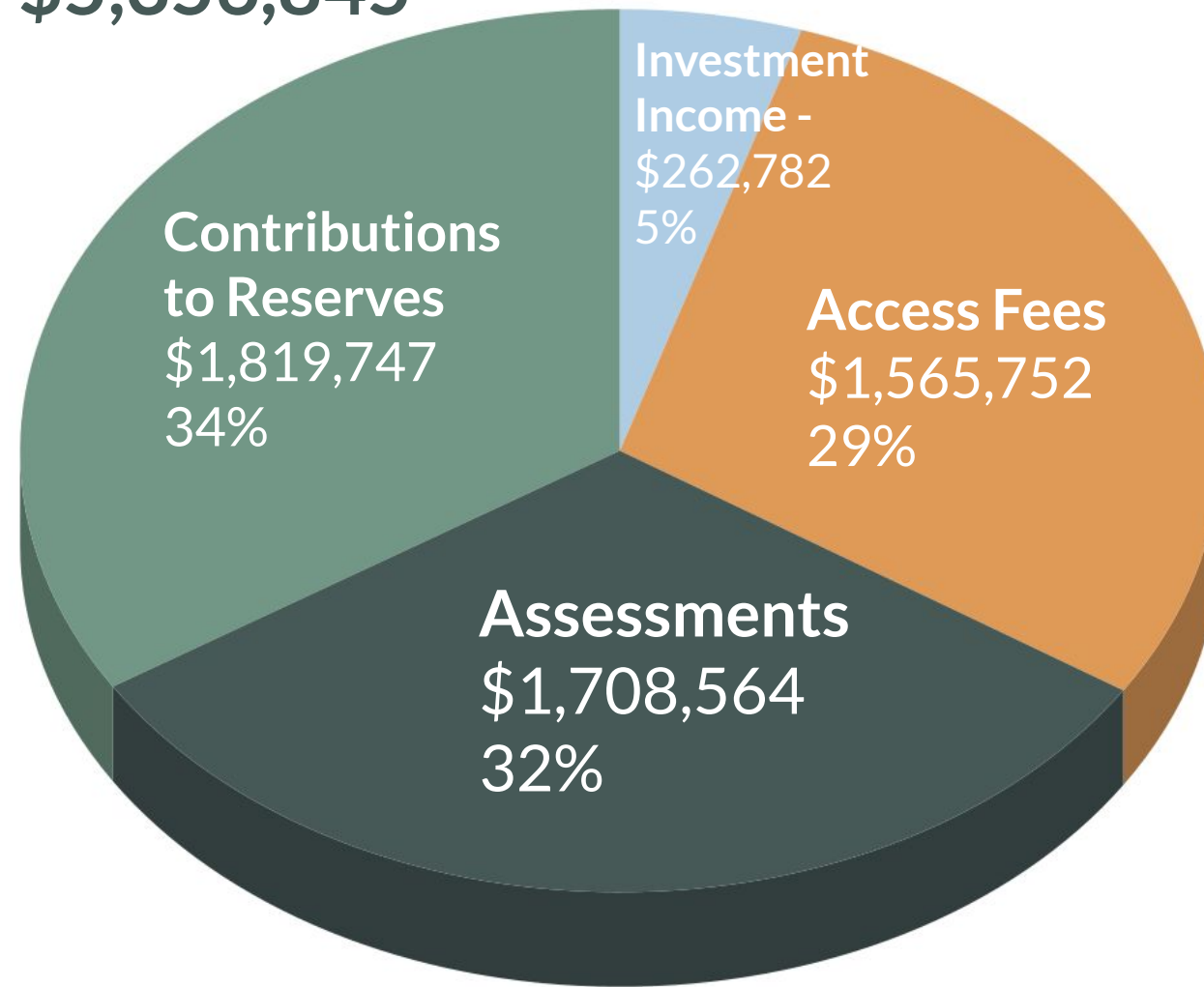
June 30, 2023

	Year-to-Date		Variance		2023 Budget	Remaining Budget
	Actual	Budget	\$	%		
Total Revenue						
Operating Revenues						
Assessments	1,708,564	1,755,693	(47,129)	(2.7%)	1,978,193	269,629
Contribution to Reserves	1,819,747	1,525,000	294,746	19.3%	3,050,000	1,230,254
Commercial Access Fees	1,565,753	1,243,493	322,261	25.9%	2,162,085	596,332
Total Operating Revenues	5,094,064	4,524,186	569,878	12.6%	7,190,278	2,096,215
Non-Operating Revenue						
Investment Income	262,782	170,000	92,782	54.6%	298,000	35,218
Total Non-Operating Rev.	262,782	170,000	92,782	54.6%	298,000	35,218
Total Revenue	5,356,845	4,694,186	662,660	14.1%	7,488,278	2,131,433
Total Expenses						
Operating Expense						
Capital Projects - LCI	154,530	210,000	55,470	26.4%	420,000	265,470
Capital Projects - MRR	2,851,003	3,380,528	529,525	15.7%	5,427,681	2,576,678
Total Operating Expense	3,005,532	3,590,528	584,996	16.3%	5,847,681	2,842,149
Non-Operating Expense						
Interfund Transfers	(250,000)	0	250,000	0.0%	0	250,000
Other (Gains)/Losses	(135,536)	0	135,536	0.0%	0	135,536
Total Non-Operating Exp.	(385,536)	0	385,536	0.0%	0	385,536
Total Expenses	2,619,996	3,590,528	970,532	27.0%	5,847,681	3,227,685
NET SURPLUS/(DEFICIT)	2,736,849	1,103,658	1,633,191	148.0%	1,640,597	(1,096,252)

Major Repairs & Replacements Income

for the period ending June 30, 2023

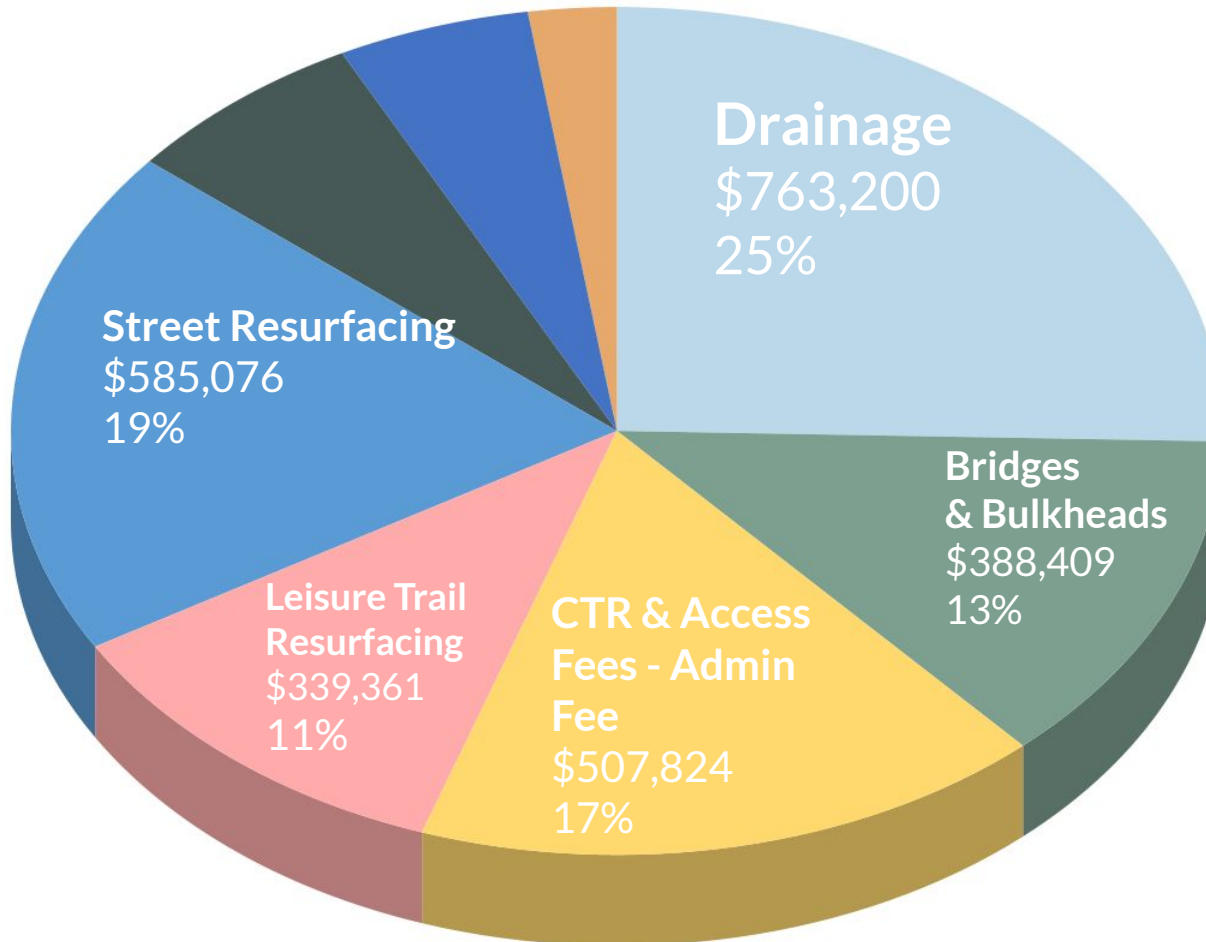
\$5,356,845



Major Repairs & Replacements Expenses

for the period ending June 30, 2023

\$3,005,532



- Boardwalks & Walk Bridges \$196,338: 7%
- Capital Projects - LCI \$154,530: 5%
- Other \$70,794: 2%

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



Q2: AS OF JUNE 30, 2023

Investment Report

The Investment Report will be posted to the [Financials page of the KICA website](#) as soon as it is available, no later than Monday, July 24.

