

MINUTES OF FINANCE COMMITTEE MEETING
MAY 16, 2018

Present: Juliette Meunier, Jeff McBride, Joyce Kirchhofer, Minh Hoang, Sean Peasley, Dolores Daly, JoAnn DeLaHousaye, Alicia Chacon-Bidwell, Christine Salas

Absent: NA

Guests: NA

Meeting called to order at 4:00 pm

TASK LIST	WHO	DATE DUE	DONE
Update policy draft of how Finance and Facilities & Capital Committees will work together on intersection points	Joyce	ASAP	
Update policy draft of how Finance and Legal-HR Committees will work together on intersection points	Christine	ASAP	
Send Jess Meyers policy draft of how Finance and Audit Committees will work together on intersection points	Joyce	ASAP	
Schedule meeting to discuss how Finance and Cares/PDF Committees will work together on intersection points	Joann	ASAP	

DECISION(S):

The minutes from the April 18 regular, April 18 intersection points and April 23 intersection points meetings were approved. Juliette/M/Minh/S/All in favor

DISCUSSION:

Financial Update:

Joyce stated the balance sheet is strong with \$33M in assets and \$24M Net Assets. Year to date there is a \$918k surplus and while it is lower than budget, it is primarily due to the investments being down this year. Laguna Niguel and Mission Viejo continue to do well while Huntington Beach and Murrieta are still challenging.

Dolores went into more details about the various branch successes and challenges along with some actions being taken. She also mentioned that we are looking into hiring a firm to do a market study to help us better understand what is going on so we can appropriately address market trends.

Intersection Points Draft Documents:

Christine discussed the recommended changes made by HR/Legal Committee Intersection document. The settlement/judgment amount was discussed and agreed should be \$150,000. A conversation was held about where the HR/Legal committee was on management responsibility vs committee responsibilities; some changes to the document reflected the delineation and this was carried over into change in the other documents. Discussed changes will be made by Christine.

The Facilities & Capital intersection points document was reviewed. The Facilities & Capital committee will get together to come up with details around any other material dollar amounts or triggers that need to be added to the document. It was agreed that to be

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consistent with the Limits of Authority document, the limit for expenditures outside the budget would be anything over \$250,000. Other small changes came up along with re-ordering some of the items to follow the flow of how things should happen. The agreed upon changes will be made by Joyce.

Due to a change in the Audit Committee chair, those intersection points will need to be reviewed by Jess Meyers but based on the work Katie O'Connor has done, not many changes, if any, should need to be made. Joyce will provide the document to Jess Meyers.

Other Committees To Meet With:

Juliette asked if we should meet with any other committees to determine intersection points. The group came up with the Cares/PDF and Investment Committees. Joann will schedule meetings to start the process.

Adjourned: 5:15 pm

FINANCE COMMITTEE MEETING AGENDA
May 16, 2018 4:00 p.m.
YMCA – Tustin Office – Front Conference Room

- | | |
|---|---|
| 1. Review/Approve: | Juliette Meunier |
| - Minutes of Finance Committee/
Audit Committee Intersection Points Meeting | |
| - Minutes of Finance Committee/Legal - HR
Committee Intersection Points Meeting | |
| - Minutes of April Finance Committee Meeting | |
|
2. April Financials |
Joyce Kirchhofer |
|
3. Review draft guidelines regarding Intersection
Points with other committees |
All |
|
4. Discuss other committees with whom we should be
meeting |
All |
|
5. Discuss the Limits of Authority |
Juliette Meunier/
Joyce Kirchhofer |

Next Regular Meeting: June 25, 2018

MINUTES OF FINANCE COMMITTEE MEETING
APRIL 18, 2018

Present: Juliette Meunier, Joyce Kirchhofer, Dave Lamb, Alicia Chacon-Bidwell, Minh Hoang, Dolores Daly, JoAnn DeLaHousaye

Absent: Jeff McBride

Meeting called to order at 4:00 pm

TASK LIST	WHO	DATE DUE	DONE

DECISIONS:

The minutes from the March meeting were approved. Juliette/M/Dave/S/All in favor

DISCUSSION:

Branch/Program Update:

Huntington Beach - Dolores briefly talked about the changes that were made at the Huntington Beach branch. We made the Kids Zone larger. Our niche in Huntington Beach is families and seniors. Huntington Beach has a big marketing plan to grab more families and seniors. Huntington Beach has 4 more years left on their lease. The area is very saturated with competition.

Murrieta - Clare McKenna is making a lot of changes with the staff to make this branch more successful, but it's going to take a while to see the results. One of their competitors left, so they feel that they will get some pick up in membership from that. Murrieta is still under a five year lease. We've looked at the option of getting out of the lease, but we can't.

Santa Ana - Still struggling, but we have a contract to run certain programs until 2020.

Pomona - We're still dealing with contracts that the prior Program Director put in place, as well as youth in government. We are not charging appropriately for this.

Mission Viejo - Has completely turned around, and is now making money!

Maple Hill - This is a new, small branch in Diamond Bar. Dolores said that we need to really look at this branch. They're not quite large enough so we may need to sell the property.

Dolores said that overall, membership is our top issue. We need to look at what's happening in the Orange County market more closely. Minh asked if Huntington Beach and Murrieta are cash negative. Murrieta is, but Huntington Beach is not. Juliette said that if these branches continue to lose money, maybe we should look at sub-leasing them. Dolores said that we're currently talking with CHOC about this. They want to sublease space from us for their physical therapy. Camp Elk - We are still utilizing the AS&F funds. Juliette asked if we expect to make Camp Elk profitable. Dolores said that we can only make it profitable if we move to a volunteer staff. We can't make it profitable with an all paid staff. Camp Elk needs stronger fundraising. Sarah Steffen is helping them with this. Juliette asked if we had

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APRIL 18, 2018

considered raising the camp fees. Dolores said that we look at the fees every year.

New Horizons – This is a very profitable program. They recently moved from suite 105 to suite 150 which has given them a lot more needed space.

Corporate Wellness - Dolores said that we're losing about \$90,000. We're looking at doing something different with this program.

Expense Discussion:

Juliette asked about medical insurance costs. Joyce said that we looked at different plan designs this year as well as the employer portion we pay. We pay up to \$300 per employee per month for coverage. Minh asked how our benefits compare to other companies. Joyce said that we are in about the 55% range.

Minh asked about why our mileage reimbursement expense is so high. Dolores said it's because we have a lot of staff that have to do a lot of driving in their position.

Juliette asked about cell phone costs. Dolores said that we give all staff who are required to have a cell phone a \$50 per month allowance, and all staff who are required to have internet a \$50 per month allowance.

Juliette asked about program expenses. Dolores said that we've made huge progress with our childcare sites. They now have an "Instacart" account which was negotiated by Miguel. Instacart is a service where you place your order online and they deliver groceries to the site the same day. This new service has saved a lot of time at the childcare sites. Regarding credit card expenditures - Joyce said that we spend about \$2million a year on credit cards and we do get rebates, but we can do better. Dolores said were using YPG to leverage pricing. Joyce said that were going to be hiring a purchasing/contracts administrator position. Dolores said they talked to YPG about getting a procurement manager. YPG said that all we really need is a purchasing manager. Juliette said that it would be nice to have this person attend one of the Finance Committee meetings so that we can hear their ideas on cost savings.

Meeting adjourned at 5:05 pm

**MINUTES OF FINANCE COMMITTEE/AUDIT COMMITTEE
INTERSECTION POINTS MEETING
APRIL 18, 2018**

Present: Juliette Meunier, Joyce Kirchhofer, Dave Lamb, Alicia Chacon-Bidwell, Minh Hoang, Dolores Daly, JoAnn DeLaHousaye

Absent: Jeff McBride

Guest: Katie O'Conner (Audit Committee Chair)

Meeting called to order at 3:05 pm

This was a special Finance Committee meeting held specifically to discuss Finance Committee/Audit Committee intersection points.

TASK LIST	WHO	DATE DUE	DONE
Ask the outside auditors if they need our internal audit reports.	Joyce	ASAP	
Draft a policy of how the Finance Committee and Audit Committees should work together.	Juliette	ASAP	

DECISIONS:

DISCUSSION:

The topic of at what time would the Audit Committee include the Finance Committee in a decision. Katie suggested that we need to indicate some areas that the Finance Committee may want to get involved. Katie stated that if the auditors found a material weakness that they would communicate this to the Finance Department. Juliette said that the Finance Committee would need to know these issues as well. There needs to be procedures around certain triggers. Joyce stated that we do have an internal audit system that is run by our QA department. QA does both program audits and finance audits. Joyce will find out if the outside auditors need our internal audit reports. Joyce suggested that we have the head of the QA Department report out to the Finance Committee. The question of which committee should work with QA was asked. Katie thinks that this may be better information for the HR/Legal Committee, not the Finance or Audit Committee. Minh asked for a copy of the QA report. Joyce said that she will get this to everyone on the Finance Committee. How should we monitor tax risk? Joyce said that perhaps we have a chart of work for regularly occurring items, and report these out to the Finance Committee. Katie said that if the auditors bring something to the Audit Committee's attention, then it's probably a big enough issue to bring to the Finance Committee. Minh suggested that Katie share the audit draft with Juliette. Katie could then consult with the Finance Committee on remediation of any audit issues. Joyce said that she wants to have a management response to the management letter. Katie said that most companies who do internal audits have a dotted line reporting to the Audit Committee. Katie suggested that we do this as well, and maybe have a once a year executive session with QA. Juliette asked if it would be a good idea to look at the QA reports to see if they're missing anything. Joyce suggested that program QA get presented to the Legal/HR Committee, and the finance QA get presented to the Finance Committee. Minh asked if we have a report that goes to the legal committee. Dolores said that yes, they get a report every time they meet. Katie suggested adding a legal update item to the Audit Committee meeting agenda. Juliette will draft a policy of how the Finance Committee should work with the Audit Committee.

Adjourned: 3:55 pm

**MINUTES OF FINANCE COMMITTEE / LEGAL – HR COMMITTEE
INTERSECTION POINTS MEETING
APRIL 23, 2018**

Present: Juliette Meunier, Jeff McBride, Joyce Kirchoffer, Minh Hoang, Sean Peasley, Dolores Daly, David Lamb, JoAnn DeLaHousaye

Absent: NA

Guests: Jay Scott (Legal/HR Committee Chair), Christine Salas (Director of HR)

Meeting called to order at 2:02 pm

This was a special Finance Committee meeting held specifically to discuss Finance Committee/Legal-HR Committee intersection points.

TASK LIST	WHO	DATE DUE	DONE
Send Jay the Finance Committee COW	Juliette	ASAP	
Create policy draft of how Finance & Legal-HR Committees will work together on intersection points	Juliette	ASAP	

DECISION(S):

DISCUSSION:

Jay started the conversation by stating that some HR issues are just potential issues, and some are real issues with potential financial impact to us. Wage and hour compliance have the potential to become large financial issues. Benefit plan compliance can also have a huge financial impact. Sean asked if we've had a history of IRS or DOL audits – the answer was no, we have not. Joyce said that the state is going to start auditing companies more often for Worker's Comp. Juliette suggested that the IRS could have a big financial impact on us as well. Juliette suggested that we may need to create a memo to send to employees on what is being deducted from their paychecks. Juliette asked what we should do if we needed to spend money to mitigate risk, that wasn't already in the budget. Should it go to the Finance Committee for approval? It was discussed that lawsuits under \$50,000 do not need to go to the Finance Committee, but lawsuits over \$50,000 do. Dave said that in the past, the Legal/HR Committee met very infrequently. He feels that going forward, the Legal/HR Committee needs to meet more frequently.

Juliette stated that the only item that wasn't in the HR Audit Report were wages. Juliette suggested that using anonymous surveys is a good way to find out if policies are being adhered too. Jay said that his organization is taking a proactive approach to avoid lawsuits, but that this is very hard to do.

Jeff asked the Legal/HR Committee to look at the possibility of our childcare staff unionizing. We do not want the childcare staff to unionize. Jay said that unionizing is very expensive. Sean asked if we need to have something written in our school contracts that if they decide to unionize, then we can't comply. Jeff suggested that we need a policy for times that we need to change things mid-stream.

**MINUTES OF FINANCE COMMITTEE / LEGAL – HR COMMITTEE
INTERSECTION POINTS MEETING
APRIL 23, 2018**

Juliette will send Jay the Finance Committee's Chart of Work so that the HR/Legal Committee has a guide to put one together their committee. Juliette will make a draft of policies of how the Finance Committee/Legal-HR Committee will work together on intersection points.

YMCA of Orange County

Financial Highlights – Year to Date

April 2018

Year to date has produced a \$918k surplus (6.6% of revenue), this is (\$119k) less than what was budgeted (0.9% of revenue). (\$109k) of this is related to the investments (valuation and short/long term realized losses). Mission Viejo and Laguna Niguel continue to do well. Membership revenue is down (2.5%) from budget and 3.2% over PY. We have made significant changes in our membership marketing efforts, added a mobile app and on-line membership sales, but we are still struggling monthly to reach the 6% growth target. It has been a significant amount of time since the YMCA has conducted a market study and membership survey, so that is currently being explored. Growth opportunities are a focus of executive leadership at this time. Current opportunities include a renewed two-year contract with OCTA, programming contract for the new Rancho Mission Viejo Pavilion gymnasium, exploration of preschool opportunities within districts around Orange County and a new business line with Orange County Department of Education..

Below are selected highlights. Those branches close to their budgeted net may not have details unless there is something noteworthy.

Fullerton - \$29k Favorable Variance

- Sports Revenue is under budget by (\$38k), primarily due to the arena soccer season delay due to turf issues; this is anticipated to be resolved before the June season start.
- \$28k Positive variance in wages and related expenses. Part of the Regional Executive Director's salary has been allocated to Murrieta and wage savings in multiple areas.
- The vast majority of the variance is due to depreciation expense being under budget.

Santa Ana - \$22k Favorable Variance

- Revenue is 3.6% higher this year over last year.
- \$13k in unbudgeted LA84 revenue and successful winter soccer session.
- While there is a favorable variance, the branch does have a deficit even after the monthly \$21k revenue from the Orange County Children's and Families Commission which will cease after 2020. There is some available funding that has not been used for the last few years (\$25k/year), we have applied for retroactive funding that would help Santa Ana to the tune of \$75k for this year, we should find out by late July.

Huntington Beach – (\$134k) Unfavorable Variance

- Overall revenue is 3.2% higher than last year but is (\$36k) less than budgeted because of the 3-month delay in opening the Kid Zone expansion which happened in April. This is anticipated to increase family memberships with the grand opening event resulting in 35 new memberships.
- (\$37k) has been expensed related to items for Kids Zone that did not qualify for capitalization.
- Rent is (\$19k) over budget primarily due to an incorrect rent amount loaded in the budget.
- Wages and related have an unfavorable variance of (\$16k) due to poor budget management in one department and is currently being addressed.

Yorba Linda/Placentia – (\$14k) Unfavorable Variance

- This is primarily due to a shortfall in the annual fundraising campaign, it is expected to be made up by year end.

- Positive movement in programs: Adventure Guides has recently added a new circle to the program, addition of a contract to provide Chair Yoga to a senior living facility and currently doing sign-ups for a 10 team league that was not budgeted.

Newport/Mesa - \$5k Favorable Variance

- Even though the Annual Campaign revenue is (\$33k) behind budget they came close to meeting the budgeted net outcome with \$10k of this coming from depreciation. For the Annual Campaign, there is still \$60k more budgeted in upcoming months, there is a plan with history to hit the goal in the 4th quarter.

Laguna Niguel - \$94k Favorable Variance

- Due to a good start, the Annual Campaign is \$37k ahead of budget as of April; some of this will be reduced in future months when the remaining \$13k Annual Campaign revenue is budgeted.
- Adventures Guides results are good but the event overages will be offset in later months.
- Wages and related are being managed well producing a positive variance of \$24k.
- Depreciation expense is \$19k under budget; it is anticipated that this will be favorable all year.

Mission Viejo - \$26k Favorable Variance

- Annual Campaign is \$2k over budget, similar to Laguna Niguel, there is \$10k remaining in future months in the budget.
- Membership results are ahead of prior year, swim lessons are off to a strong start for spring and Adventure Guides are doing well but some money is owed to expeditions for event overages.

Childcare – (\$33k) Unfavorable Variance

- While overall revenue was very close to budget, the Child Development Fees were 2% under budget at (\$153k); this was offset \$70k by the revenue recognized related to the expenditures on the Sunset Crossing/Pomona Valley renovation. The biggest revenue shortages are at Mission Viejo (MV) sites and the Early Learning Center (ELC). The ELC is implementing a comprehensive marketing plan to increase enrollment and when the toddler license is approved headcount will increase right away. The prior area manager for the MV sites budgeted for a 14% headcount increase which is unrealistic so revenue will be under all year; expenses are flexed with the actual revenue levels.
- Staffing is by far the largest cost; while January was a rough month, managers have been closely watching staffing levels and there has been a \$38k improvement over the last three months.

Camp ELK – \$193k Favorable Variance

- \$223k in revenue was recorded from AS&F funds to cover expenditures related to capital expenditures and program expenses.
- Gas is (\$9k) over budget. This is primarily due to an even spread in the budget, the warmer months will help to offset this overage.

Murrieta – (\$99k) Unfavorable Variance

- Annual campaign is under budget (\$15k), it is expected that this will be made up during the year.
- Membership and program revenue are (\$60k) under budget. Clare McKenna who manages the Fullerton facility is overseeing this branch. The membership coordinator is working a plan and there is a marketing plan in place to promote memberships and programming. Expenses continue to be reviewed in detail, wages and related are almost \$22k less this year than the same time last year.

Pomona – (\$44k) Unfavorable Variance

- The Youth In Government program transitioned late last year from Mission Viejo to Pomona Valley. No initial 2018 budget was established and the event pricing and costs were a carryover from the prior program director. Unfortunately, the prior program director didn't price the event fee correctly so this resulted in a loss for two large conferences that participants attended.
- No budget has caused an unfavorable variance of (\$29k) for the Association Service Fee.

Corporate Mission Initiatives - \$13k Favorable Variance

- \$8k of corporate membership revenue received in 2018 was related to November 2017 services.

Association Offices, includes Board Fundraising – (\$182k) Unfavorable Variance

- The primary driver is the unbudgeted investment valuation of (\$72k) plus the short/long term loss on sales (\$37k). Last year at this same time the valuation was \$437k; the markets have definitely changed.
- The board fundraising is behind budget (\$22k) and there is still \$58k more budgeted in future months; there is still work to be done in this area.
- Consulting Fees are (\$32k) over budget. So far (\$20k) is due to the current 3rd party investigator and the majority of the remaining is due to NorthCreek's assistance with HR.
- The Investment in Subsidiary (Tipper, LLC) was not budgeted and currently has a loss of (\$65k)

Growth & Renewed Opportunities:

- The Y has been awarded a \$187,000 contract with OCTA to provide Fitness Center staffing services for their employees for the next 2 years.
- The Y will provide programs and gym operations for the new Rancho Mission Viejo Pavilion gymnasium.
- Exploration of preschool opportunities within districts around Orange County and a new business line with Orange County Department of Education.

YMCA of Orange County
Statement of Financial Position
4/30/2018

	<u>4/30/2018</u>	<u>12/31/2017</u>
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$1,927,797	\$2,053,392
Investments	11,788,583	11,838,504
Accounts Receivable - Net Allowance	765,690	738,632
Annual Pledges Receivable - Net Allowance	110,800	25,392
Deposits and Prepaid Rent	79,430	173,666
Prepaid Insurance	101,986	106,150
Other Prepaid Expenses	440,914	289,156
Total Current Assets	<u>15,215,200</u>	<u>15,224,892</u>
<i>Other Assets</i>		
Property, Plant and Equipment, Net	17,642,831	17,723,196
Total Other Assets	<u>17,642,831</u>	<u>17,723,196</u>
Total Assets	<u><u>\$32,858,031</u></u>	<u><u>\$32,948,088</u></u>

LIABILITIES AND NET ASSETS

<i>Current Liabilities</i>		
Accounts Payable	\$730,561	\$661,653
Accrued Payroll and Employee Benefits	1,728,258	1,725,220
Program Fees Received In Advance - Other	1,590,853	1,272,028
Total Current Liabilities	<u>4,049,672</u>	<u>3,658,901</u>
<i>Long-term Liabilities</i>		
Self-Insurance Liability and Other Reserves	129,464	410,442
Notes Payable	4,656,856	4,759,121
Total Long-Term Liabilities	<u>4,786,320</u>	<u>5,169,563</u>
Total Liabilities	<u>8,835,992</u>	<u>8,828,464</u>
<i>Net Assets</i>		
Current Operations - YMCA	917,603	1,285,381
Current Operations - Tipper, LLC	(65,209)	(1,389)
Current Operations (Restricted, Capital & Endowment)	(950,007)	707,831
Unrestricted/Temporarily/Permanently Restricted	24,119,652	22,127,801
Total Net Assets	<u>24,022,039</u>	<u>24,119,624</u>
Total Liabilities And Net Assets	<u><u>\$32,858,031</u></u>	<u><u>\$32,948,088</u></u>

Association Summary by Branch
For the Four Months Ending
April 30, 2018

Revenue By Branch

	Year-to-Date			YTD Comparison	
	Actual	Budget	Variance	%	
Fullerton Family	\$812,823	\$850,277	(37,454)	-4.4%	
Santa Ana Family	219,734	191,453	28,281	14.8%	
Huntington Beach Family	586,661	614,317	(27,656)	-4.5%	
Yorba Linda/Placentia Family	184,351	200,413	(16,062)	-8.0%	
Newport Mesa Family	765,765	764,681	1,084	0.1%	
YMCA Community Services	338,987	332,275	6,712	2.0%	
Laguna Niguel Family	1,049,388	998,655	50,733	5.1%	
Mission Viejo Family	1,103,357	1,089,654	13,703	1.3%	
Capistrano Beach Family	0	0	-	0.0%	
Childcare	8,126,219	8,139,237	(13,018)	-0.2%	
Camp E.L.K.	262,895	42,354	220,541	520.7%	
San Gabriel Valley	0	0	-	0.0%	
YMCA of Riverside County	0	0	-	0.0%	
Murrieta Family	233,073	308,448	(75,375)	-24.4%	
Pomona Valley	185,926	0	185,926	100.0%	
Maple Hill Family	44,798	39,358	5,440	13.8%	
Corporate Initiatives	44,450	35,113	9,337	26.6%	
Association Office	(90,863)	196,817	(287,680)	-146.2%	
Total Revenue	13,867,564	13,803,052	64,512	0.5%	

Expenses By Branch

	Year-to-Date			YTD Comparison	
	Actual	Budget	Variance	%	
Fullerton Family	764,746	831,354	66,608	8.0%	
Santa Ana Family	281,841	275,934	(5,907)	-2.1%	
Huntington Beach Family	752,304	646,081	(106,223)	-16.4%	
Yorba Linda/Placentia Family	137,883	139,841	1,958	1.4%	
Newport Mesa Family	736,860	740,278	3,418	0.5%	
YMCA Community Services	242,586	236,165	(6,421)	-2.7%	
Laguna Niguel Family	769,090	811,928	42,838	5.3%	
Mission Viejo Family	955,181	967,473	12,292	1.3%	
Capistrano Beach Family	0	0	-	0.0%	
Childcare	6,010,347	5,990,222	(20,125)	-0.3%	
Camp E.L.K.	214,359	186,332	(28,027)	-15.0%	
San Gabriel Valley	9,485	11,823	2,338	19.8%	
YMCA of Riverside County	0	1,541	1,541	100.0%	
Murrieta Family	460,638	436,806	(23,832)	-5.5%	
Pomona Valley	229,544	0	(229,544)	-100.0%	
Maple Hill Family	101,212	97,057	(4,155)	-4.3%	
Corporate Initiatives	34,416	38,157	3,741	9.8%	
Association Office	1,249,470	1,355,001	105,531	7.8%	
Total Expenses	12,949,962	12,765,993	(183,969)	-1.4%	

	Year-to-Date			YTD Comparison	
	Prior YTD	Curr YTD vs Prior YTD	Variance	%	
	\$903,512	(90,689)		-10.0%	
	212,987	6,747		3.2%	
	560,440	26,221		4.7%	
	180,114	4,237		2.4%	
	763,870	1,895		0.2%	
	350,652	(11,665)		-3.3%	
	938,335	111,053		11.8%	
	1,262,428	(159,071)		-12.6%	
	73,856	(73,856)		0.0%	
	7,454,850	671,369		9.0%	
	60,104	202,791		337.4%	
	34,217	(34,217)		-100.0%	
	19,752	(19,752)		-100.0%	
	249,798	(16,725)		-6.7%	
	0	185,926		100.0%	
	0	44,798		100.0%	
	38,400	6,050		15.8%	
	1,516,265	(1,607,128)		-106.0%	
	14,619,580	(752,016)		-5.1%	

	784,995	20,249		2.6%	
	201,071	(80,770)		-40.2%	
	576,810	(175,494)		-30.4%	
	138,236	353		0.3%	
	684,977	(51,883)		-7.6%	
	206,212	(36,374)		-17.6%	
	864,564	95,474		11.0%	
	1,083,112	127,931		11.8%	
	63,141	63,141		100.0%	
	5,468,470	(541,877)		-9.9%	
	180,622	(33,737)		-18.7%	
	32,304	22,819		70.6%	
	24,819	24,819		100.0%	
	439,912	(20,726)		-4.7%	
	0	(229,544)		-100.0%	
	0	(101,212)		-100.0%	
	18,450	(15,966)		-86.5%	
	1,443,105	193,635		13.4%	
	12,210,800	(739,162)		-6.1%	

Association Summary by Branch
For the Four Months Ending
April 30, 2018

Net Outcome by Branch

	Year-to-Date			YTD Comparison		
	Actual	Budget	Variance	%	Prior YTD	Curr YTD vs Prior YTD
Fullerton Family	48,077	18,923	29,154	154.1%	118,517	(70,440)
Santa Ana Family	(62,107)	(84,481)	22,374	-26.5%	11,916	(74,023)
Huntington Beach Family	(165,643)	(31,764)	(133,879)	421.5%	(16,370)	(149,273)
Yorba Linda/Placentia Family	46,468	60,572	(14,104)	-23.3%	41,878	4,590
Newport Mesa Family	28,905	24,403	4,502	18.4%	78,893	(49,988)
YMCA Community Services	96,401	96,110	291	0.3%	144,440	(48,039)
Laguna Niguel Family	280,298	186,727	93,571	50.1%	73,771	206,527
Mission Viejo Family	148,176	122,181	25,995	21.3%	179,316	(31,140)
Capistrano Beach Family	0	0	-	0.0%	10,715	(10,715)
Childcare	2,115,872	2,149,015	(33,143)	-1.5%	1,986,380	129,492
Camp E.L.K.	48,536	(143,978)	192,514	-133.7%	(120,518)	169,054
San Gabriel Valley	(9,485)	(11,823)	2,338	-19.8%	1,913	(11,398)
YMCA of Riverside County	0	(1,541)	1,541	-100.0%	(5,067)	5,067
Murrieta Family	(227,565)	(128,358)	(99,207)	77.3%	(190,114)	(37,451)
Pomona Valley	(43,618)	0	(43,618)	-100.0%	0	(43,618)
Maple Hill Family	(56,414)	(57,699)	1,285	-2.2%	0	(56,414)
Corporate Initiatives	10,034	(3,044)	13,078	-429.6%	19,950	(9,916)
Association Office	(1,340,333)	(1,158,184)	(182,149)	15.7%	73,160	(1,413,493)
Total Net Outcome	917,602	1,037,059	(119,457)	-11.5%	2,408,780	(1,491,178)

Note: Investment Valuation is not budgeted but is in the actual numbers above in the Association Office Revenue & Net Outcome rows.

Investment Valuation - Gain / (Loss)	Current YTD	Prior YTD
	(72,113)	412,286

YMCA of Orange County
Investment Activity
For the Four Months Ending April 30, 2018

	<u>YTD Actual</u>
Beginning Balance	\$ 11,838,504
Interest	15,415
Dividends	67,874
Investment Valuation Change	(72,113)
Short Term Gain (Loss)	(12,247)
Long Term Gain (Loss)	(24,669)
Less: Investment Fees	(24,180)
Net Investment Income/(Loss)	(49,920)
Ending Balance	\$ 11,788,583
 YTD Growth/(Decline) %	 -0.42%

Tipper, LLC

Profit & Loss Statement For the Four Months Ending April 30, 2018

	YTD	
	Actual	% Rev
Revenue		
1210 Facility Rental	\$121,113.09	100.00%
Net Revenue Totals	121,113.09	100.00%
Expense		
2610 Telephone-Regular Service	1,046.82	0.86%
2710 Postage	33.00	0.03%
2845 Facility Maintenance	17,616.74	14.55%
2410 Legal Fees	1,280.00	1.06%
2450 Consulting Fees	567.75	0.47%
2480 DP Service/Maint Contrct	300.00	0.25%
2831 Electricity	10,876.02	8.98%
2832 Gas	1,237.35	1.02%
2833 Water and Sewer	885.08	0.73%
2834 Refuse Collection	729.63	0.60%
2843 Landscape Maint	4,568.84	3.77%
2848 DNU Exterminator Service	110.00	0.09%
2850 Real And Personal Taxes	27,849.64	22.99%
2860 Property Management	3,804.26	3.14%
2880 Property/Liability Insurance	6,433.00	5.31%
3620 Bank Fees	45.00	0.04%
4810 Association Services	3,200.00	2.64%
Total Operating Expenses	80,583.13	66.54%
EBITDA	\$40,529.96	33.46%
2890 Depreciation Expense	63,309.58	52.27%
5215 Interest Expense-External	40,829.57	33.71%
5610 Income Taxes Fed & State	1,600.00	1.32%
Net Income/(Loss)	(\$65,209.19)	(53.84%)



YMCA OF ORANGE COUNTY

FINANCE COMMITTEE

GUIDELINES ON INTERSECTION POINTS WITH AUDIT COMMITTEE

The Finance Committee has a responsibility to monitor material financial impacts to the YMCA of Orange County ("The Association"). In this role, it reviews material accounts and operations within the financial statements, including controls and adherence to policies. Given that the audit committee also reviews financial controls, these two committees should work together and this document is intended to provide guidelines around such interaction and the role of the Finance Committee as it relates to intersection points with the Audit Committee.

1. **Controls tested by external auditors.** Certain controls will be tested by the Association's external auditors (including, but not limited to, long term contracts or leases, loans, lines of credit, capital purchases, investments, computer security, etc.).
 - At the time in which the auditors provide their findings to Audit Committee, the Audit Committee Chair will inform the Finance Committee of such findings and proposed remediation plan.
 - The Audit Committee will consult with the Finance Committee on the proposed remediation plan, to ensure that the Finance Committee is in agreement or if there are additional suggestions.
 - The Audit Committee will hold the Association accountable to ensure the remediation actions are completed in a timely manner.
 - At the time when the remediation actions are completed, the Audit Committee will inform the Finance Committee.
2. **Financial controls tested by Association's Quality Assurance.** Certain financial controls are tested by the Association's Quality Assurance department.
 - The Quality Assurance function will report out to the Audit Committee annually regarding findings on financial controls, and remediation plan.
 - If the Audit Committee determines any findings to be significant to the Association, the Audit Committee will inform Finance Committee, and will consult regarding potential remediation.

3. **Other financial controls.** The Finance Committee will be responsible for working with management on controls relating to the following areas. Such areas will be included in the chart of work for the year:
- Monitoring the operation and cost/benefit of any self-insurance program
 - Insurance requirements and reviews
 - i. Liability, property/casualty and worker's compensation insurance
 - ii. Adequacy of insurance coverages
 - Tax risk (excise tax, property tax, UBIT, payroll tax, etc.)



YMCA OF ORANGE COUNTY

FINANCE COMMITTEE

GUIDELINES ON INTERSECTION POINTS WITH HR/LEGAL COMMITTEE

The Finance Committee has a responsibility to monitor material financial impacts to the YMCA of Orange County ("The Association"). In this role, it reviews material accounts and operations within the financial statements, including controls and adherence to policies. Given that the HR/Legal committee also monitors risk and compliance through controls, these two committees should work together and this document is intended to provide guidelines around such interaction and the role of the Finance Committee as it relates to intersection points with the HR/Legal Committee.

1. Litigation/Lawsuits.

- If a lawsuit filed against the Association, the Association will work with the HR/Legal Committee throughout the case. If the anticipated settlement/judgement is under \$50,000, the Finance Committee does not need to be informed, unless there becomes a pattern of similar cases
- The Association will inform Finance Committee of event which has a potential settlement/judgement of over \$50,000, and will consult the Finance Committee on the proposed actions to take to resolve lawsuit, and to mitigate future risk of similar lawsuits going forward

2. Audits/Assessments from Governmental Agencies

- If the Association is informed of an audit or assessment from an HR area (i.e., IRS, DOL, EEOC, etc.), the Association will inform the HR/Legal Committee and Finance Committee of such audit
- The Association will convey its thoughts on the risk of penalties/taxes to be assessed, as well as the steps to take to resolve the audit quickly and minimize penalties/taxes

3. Insurance considerations

- Given the overlap in interests relating to insurance coverages, the Finance Committee will include the HR/Legal Committee chair in the insurance broker discussions each year, especially as it relates to EPLI insurance

4. Mitigating Risk within HR/Payroll Functions

- The HR/Legal Committee will work with the Association's HR and Payroll functions to ensure that regular reviews are performed of the risks within the HR/Payroll functions.
- Any significant findings would be reported to the Finance Committee, and will consult the Finance Committee on the proposed remediation actions to mitigate future risk of similar risks going forward

5. Quality Assurance Reviews

- The Association's Quality Assurance function will report non-financial audit findings to HR/Legal Committee at least annually
- Any significant findings would be reported to the Finance Committee, and will consult the Finance Committee on the proposed remediation actions to mitigate future risk of similar risks going forward

6. Significant Potential HR/Legal Penalties

- The Association will be faced with a variety of potential HR/Legal risks/penalties/taxes, as it relates to compliance (i.e., ACA, I-9, Equal/Fair Pay, etc.)
- The HR/Legal Committee will work with the Association's HR function to evaluate and quantify potential penalties
- If such potential dollar amounts are at or above \$_____, the HR/Legal Committee will inform the Finance Committee, and will consult regarding proposed plan for risk mitigation in such risk area

7. Significant HR/Payroll Costs

- If there is a significant new spend anticipated for certain HR activities (i.e., IT, Compliance, Compensation Adjustments, Mitigating Risk of Unionization), the Association will make an effort to include anticipated spend within the budget process and discuss with Finance Committee
- If, however, unanticipated new spend items arise that are outside of the budget process, the Association will inform the Finance Committee if the anticipated spend is greater than \$250,000
- The Association will discuss reasoning for spend
- The Finance Committee will discuss and approve, decline or modify requested spend item

YMCA OF ORANGE COUNTY

Limits of Authority

ALL CONTRACTS, GRANTS, MOU'S, OPERATING AGREEMENTS, FACILITY USE AGREEMENTS, VENDOR AGREEMENTS, SERVICE AGREEMENTS, BINDERS (ALL DOCUMENTS BINDING ON YMCAOC) MUST BE SUBMITTED USING THE "CONTRACT/GRANT SIGNING CHECKLIST" AND BE APPROVED AT THE ASSOCIATION OFFICE LEVEL.

(Only Exception is for Adventure Guides or New Horizons Events up to the limits designated in the appropriate section on p. 2 Otherwise all documents to come to AO for signatures).

YOU MAY SIGN THE "CONTRACTS/GRANT CHECKLIST" WITHIN YOUR SIGNING AUTHORITY BELOW. THE CHECKLIST MUST BE SENT TO THE ASSOCIATION OFFICE WITH SUPPORTING CONTRACT/AGREEMENT ATTACHED.

STAFF MAY NOT SIGN ANY CONTRACTS OBLIGATING THE YMCA.

CONTRACTS MAY ONLY BE SIGNED AT THE ASSOCIATION OFFICE.

(Only Exception is for Adventure Guides Events or New Horizons Events – See above)

<u>Type of Commitment</u>	<u>Amount</u>	<u>Required Approval</u>
<u>Revenue</u>		
Existing Program/Grant (includes MOU's)	to \$25,000	ED or DO & COO or CEO (1 of 2)
	\$25,001 - \$100,000	ED or RED or DO & COO & CFO or CEO (2 of 3)
	over \$100,000	ED or RED or DO & COO & CFO & CEO (all 3)
New Program/Grant (includes MOU's)	to \$100,000	ED or RED or DO & COO & CFO (both)
	over \$100,000	ED or RED or DO & COO & CFO & CEO (all 3)
Rental of YMCA Facility	All	ED or RED or DO & COO
Operating Agreement (includes school district contracts, Mgmt. agreements, etc.)	to \$25,000	Controller
	to \$100,000	CFO or COO & CEO
	to \$250,000	CFO & COO & CEO
	over \$250,000	CFO & COO & CEO & thru Finance Committee to Board

Expense (operating and capital)

Operating (Budgeted Items)	to \$ 2,500	Prop. Mgr. or Prog. Dir or COO Asst. or HR Mgr. or CC Dir/SL
	to \$ 5,000	MM
	to \$ 10,000	AODH or CCAM or BD or AED
	to \$ 15,000	ED
	to \$ 25,000	RED or DO or HR Dir., VP or Controller
	to \$100,000	RED or DO or CFO & COO
	to \$250,000	CFO & COO & CEO
	over \$250,000	CFO & COO & CEO & thru Finance Committee to Board
Operating (Unbudgeted Items)	under \$100,000	(follow Operating Budgeted authority levels above)
	over \$100,000	CFO & COO & CEO & thru Finance Committee to Board
Capital Expenditures (Assets) (Budgeted & Unbudgeted)	to \$5,000	AED or BD & RED; CCAM & DO
	to \$ 10,000	AED or BD & RED; CCAM & DO; AODH & Controller
	to \$ 15,000	ED & RED or DO
	to \$25,000	ED & RED; CCAM & DO; AODH or HR Dir or VP & Controller; & COO or CFO
	\$25,001 to \$100,000	ED & RED; CCAM & DO; AODH or HR Dir or VP & Controller; & COO & CFO
	Over \$100,000	ED & RED; CCAM & DO; AODH or HR Dir. or VP & Controller; & COO & CFO (and, if unbudgeted over \$100,000 also requires CEO & thru Finance Committee to Board)

<u>Type of Commitment</u>	<u>Amount</u>	<u>Required Approval</u>
Operating Agreement (includes school district contracts, Mgmt. agreements, etc.)	to \$100,000 to \$250,000 over \$250,000	CFO or COO & CEO CFO & COO & CEO CFO & COO & CEO & thru Finance Committee to Board
Adventure Guides & New Horizons Contracts	to \$ 2,500 to \$25,000 Over \$25,000	Prog. Dir. ED or RED RED & COO
Utilities	As necessary	ED or RED or DO or CCAM or Controller - Only if notified by Business Office of significant changes from normal billing
Service Agreements (eg. Telecomm, printer maint. IT related, etc., including MOUs.)	to \$ 10,000 to \$ 15,000 to \$ 25,000 to \$100,000 to \$250,000 over \$250,000	AED or BD or CCAM or AODH ED RED or DO or Controller RED or DO or CFO & COO CFO or COO & CEO CFO & COO & CEO & thru Finance Committee to Board
Building Leases (Total Value)	to \$500,000 over \$500,000	CFO & COO & CEO CFO & COO & CEO & thru Finance Committee to Board
Equipment Leases (Total value of lease)	to \$ 10,000 to \$ 15,000 to \$ 25,000 to \$100,000 to \$250,000 over \$250,000	AED or CCAM or AODH BD or ED or RED or DO RED or DO & Controller or COO CFO or COO & CEO CFO & COO & CEO CFO & COO & CEO & thru Finance Committee to Board
Insurance		
Benefits Invoices	All (w/in budget)	HR Mgr., HR Dir, VP HR, Controller or CFO
Benefits Package	All	HR Dir. or VP HR & CFO & COO
Business	All	CFO & COO & CEO
Consulting Agreements	to \$25,000 to \$100,000 to \$250,000 over \$250,000	Controller CFO or COO & CEO CFO & COO & CEO CFO & COO & CEO & thru Finance Committee to Board
Legal		
Labor & Non-Labor	All	HR Dir & CFO or COO or CEO
Staffing		
Budgeted Replacement		Hiring Supervisor
Budgeted Addition-Branch		Hiring Supervisor & BD or ED or RED
Budgeted Addition – Child Care & Assoc. Svcs		Hiring Supervisor & one-over-one
Non-Budgeted Addition -Branch		Hiring Supervisor, BD or ED & RED & COO
Non-Budgeted Addition – Assoc. Svcs		Hiring Supervisor & one-over-one & HR Dir & COO or CEO
Non-Budgeted Addition – Child Care		Hiring Supervisor & CCAM & DO
Independent Contractor- Budgeted		(See Operating Expense Guidelines above)
Independent Contractor – Non-Budgeted		(See Operating Expense Guidelines above)
Annual Operating & Capital Budgets		CFO & COO & CEO & thru Finance Committee to Board

Legend:

- | | | | |
|-------------|--|--------------|-------------------------------|
| • AED | Associate Executive Director | • DO | Director of Operations |
| • AODH | AO Department Head
(Director level at AO) | • ED | Executive Director |
| • BD | Branch Director | • HR Mgr. | HR Manager at AO |
| • Board | Board of Directors | • HR Dir. | Dir of HR/QA/Training |
| • CCAM | Child Care Area Manager | • MM | Marketing Manager |
| • CC Dir/SL | Childcare Director/Site Lead | • Prog. Dir. | Program Director at Branch |
| • CEO | Chief Executive Officer | • Prop. Mgr. | Property Manager in the field |
| • CFO | Chief Financial Officer | • RED | Regional Executive Director |
| • COO | Chief Operations Officer | • VP | Vice President |
| • COO Asst | Assistant to COO | | |

For required approval

- where there is an “&” sign, all listed approvals are required
- where there is an “or” any of the listed approvals are required
- any higher level of authority will suffice for a lower amount