



FOR YOUTH DEVELOPMENT  
FOR HEALTHY LIVING  
FOR SOCIAL RESPONSIBILITY

---

## **Finance Committee Meeting**

**September 20, 2019**

**FINANCE COMMITTEE MEETING AGENDA**  
**September 20<sup>th</sup> @ 12:00pm**  
**Lunch will be provided**

- |   |                                     |
|---|-------------------------------------|
| 1. YMCA Insurance Coverage  | Jeannie DeLaura<br>Steve Brockmeyer |
| 2. Review/Approve Meeting Minutes <ul style="list-style-type: none"><li>• August 16, 2019</li></ul> | Sean Peasley                        |
| 3. Revenue Analysis & Overview of trends and opportunities  | Joyce Kirchhofer<br>Dolores Daly    |
| 4. Financials <ul style="list-style-type: none"><li>• YMCA</li></ul>                                | Joyce Kirchhofer                    |

Next Meeting: October 18 @ 12:00pm in the YMCA BOD ROOM



FOR YOUTH DEVELOPMENT  
FOR HEALTHY LIVING  
FOR SOCIAL RESPONSIBILITY

---

## **Finance Committee MINUTES**

**August 16, 2019**

## FINANCE COMMITTEE

### Minutes August 16, 2019

**Attendees:** Sean Peasley, Ryan Fessler, Juliette Meunier, Minh Hoang, Dolores Daly, Jeff McBride, Joyce Kirchhofer, Brian Constable

**Guest:** Jess Meyers, Chair for Audit Committee, David Lamb Chair for Executive Compensation

**Absent:** Alicia Chacon-bidwell

Sean called meeting to order at 12:03pm

#### Executive Compensation Committee – David Lamb

- Joyce stated that our attorney would like to review all of the intersection documents to ensure all are in line with our bylaws. Once FC and other committees have outlined changes, if any, all will need to be submitted to our attorney for final review before the intersection points can be officially voted on and adopted. All intersection documents are a “living” document and will change from time to time as the business changes.
- David reiterated the information that was discussed at the July BOD meeting regarding Jeff’s employment contract. The contract has successfully been put into place and all procedures in the current intersection document were followed.
- The Executive Compensation Committee and FC have no suggested changes to the current document at this time. The intersection points will be sent to our attorney for final review.

#### Audit Committee

- Jess has no internal risk factors to bring up at this time and feels the current intersection document makes sense and has no suggested changes unless our attorney has any changes after his review.
  - Controls tested by external auditors –This wording should be changed in the intersection document – Controls reliance testing. This section need to refer to material weakness and be worded similar to the audit letter.
  - Section 3 of the intersection document – Update this section to state that if any tax risk is material staff will notify the audit and finance committees.
  - Crystal will review all intersection documents for formatting (periods/no periods).
  - Joyce and Crystal to update this accordingly and then send to attorney for final review.

#### Review/Approve Meeting Minutes - Sean Peasley

- Minutes from July 18, 2019.
  - Sean asked if everyone has had the opportunity to review the minutes and asked if there were any questions.
  - Brian Constable motioned to approve the minutes.
  - Juliette Meunier seconded the motion to approve.
  - All in favor; no nays or abstentions.

#### YMCA OC Financial Highlights - Joyce Kirchhofer

- Joyce asked if everyone reviewed the financial information that was in the packet and if there were any questions.
- Joyce wanted to bring a couple of items to the committee's attention:
  - Laguna Niguel – There will be a 5 week period of restricted access (for our members and staff) to the facility due to the city's construction schedule. The YMCA was notified of this less than 30 days ago but we have been working with the City to come up with the best possible plan to navigate our members and staff during this time.
  - Huntington Beach – The lease extension has been signed and returned to the property manager. We are waiting for a fully executed copy.
  - Tipper, LLC – The association building has 2 vacant suites but we have 2 leases out for signature now.
- Operations Update – Dolores gave an overview of the Director of Operations positions. Both openings have been filled and our new Directors of Operations (branch and childcare) will both start in a couple of weeks.
- Childcare is the largest part of our business and it was discovered that the Director of Childcare could not effectively oversee the day to day operations and also focus on growth and development. Therefore we have also added a new position; VP of Youth Development Services. This position will focus on the growth and development of our childcare division and youth services for branches.

Meeting Adjourned – at 1:20pm

**YMCA of Orange County**  
**Financial Highlights – Year to Date**  
**August 2019**

|                    |                 |
|--------------------|-----------------|
| <b>Assets</b>      | <b>\$ 37.6M</b> |
| <b>Liabilities</b> | <b>\$ 9.9M</b>  |
| <b>Net Assets</b>  | <b>\$ 27.8M</b> |

|  | <u>Actual</u>              | <u>Budget</u>            | <u>Variance</u>          |
|--|----------------------------|--------------------------|--------------------------|
| <b>Operating Revenue</b>               | <b>\$ 29,663,203</b>       | <b>\$ 30,060,890</b>     | <b>\$ (397,687)</b>      |
| <b>Operating Expenses</b>              | <b>27,036,116</b>          | <b>27,371,616</b>        | <b>335,500</b>           |
| <b>Operating Net</b>                   | <b>2,627,087</b>           | <b>2,689,274</b>         | <b>(62,187)</b>          |
| <br>                                   |                            |                          |                          |
| <b>Scholarships Awarded</b>            | <b>(711,369)</b>           | <b>(685,172)</b>         | <b>(26,197)</b>          |
| <b>Investment Income - Net of Fees</b> | <b>1,020,899</b>           | <b>140,149</b>           | <b>880,750</b>           |
| <b>Depreciation</b>                    | <b>(946,784)</b>           | <b>(967,886)</b>         | <b>21,102</b>            |
| <b>Investment in Subsidiary-Tipper</b> | <b>(121,375)</b>           | <b>(110,991)</b>         | <b>(10,384)</b>          |
| <b>Interest Expense</b>                | <b>(42,474)</b>            | <b>(52,040)</b>          | <b>9,566</b>             |
| <b>Gain/(Loss) Sale of Assets</b>      | <b>(18,781)</b>            | <b>-</b>                 | <b>(18,781)</b>          |
| <b>CARES/PDF - Pool, Allocated Out</b> | <b>(92,802)</b>            | <b>(126,668)</b>         | <b>33,866</b>            |
| <b>CARES/PDF - Used, Allocated To</b>  | <b>92,802</b>              | <b>22,668</b>            | <b>70,134</b>            |
| <b>Net Outcome</b>                     | <b><u>\$ 1,807,203</u></b> | <b><u>\$ 909,334</u></b> | <b><u>\$ 897,869</u></b> |

**Balance Sheet Summary - Statement of Financial Position report**

Assets increased \$1.7M (+4.7%) over prior year, primarily from the \$1.6M cash asset transfer from the Orange YMCA and \$1.0M change in investment value over prior year. \$1.44M remains as restricted cash for use in the Orange service area and appears in the liability section of the Balance Sheet.

**Profit & Loss Summary**

Year to date has produced an operating net of \$2.6M (8.63% vs. 8.59% budgeted) and a net outcome surplus of \$1.8M (6.11% vs. 3.03% budgeted). \$1M of the \$1.8M favorable variance is due to the investments, primarily the unbudgeted investment valuation.

Challenges in Operations: 1) \$110,000 expense hit SIR (Self Insurance Reserve) in august primarily due to the litigation of a class action suit filed regarding classification of childcare employees. We did win the case, which was a big victory, but it was expensive to litigate. 2) The Maple Hill facility in Diamond Bar continues to struggle with a YTD operating net of <\$35k>. The small size of the facility contributes to its issue and options for the site will be presented over the next few months. 3) Camp ELK ended summer with a YTD operating net of <\$30K>. Camp is under new leadership with the goal of adjusting the model to continue to serve kids, but minimize the operating loss. 4) Huntington Beach facility has a YTD operating net of <\$79k> which is a 43% reduction over PY.

Successes in Operations: 1) The childcare program hit the 2019/2020 school year enrollment goal! With childcare being our largest line of business, hitting fall enrollment goals are a key factor in continuing the financial success of the YMCA. YTD Childcare has an operating net of \$4.9M 2) All branches except for those mentioned above have a positive operating net YTD.

**YMCA of Orange County**  
**Statement of Financial Position-Consolidated**  
**8/31/2019**

|   | <u>8/31/2019</u>                | <u>12/31/2018</u>               |
|---|---------------------------------|---------------------------------|
|   | <b>ASSETS</b>                   |                                 |
| <b><i>Current Assets</i></b>              |                                 |                                 |
| Cash and cash equivalents                 | 4,165,790                       | 3,346,003                       |
| Investments                               | 11,488,619                      | 10,483,166                      |
| Accounts Receivable - Net Allowance       | 1,254,478                       | 787,924                         |
| Annual Pledges Receivable - Net Allowance | 39,348                          | 26,642                          |
| Deposits and Prepaid Rent                 | 102,772                         | 37,930                          |
| Prepaid Insurance                         | 41,840                          | 9,865                           |
| Other Prepaid Expenses                    | 351,160                         | 429,459                         |
| <b>Total Current Assets</b>               | <b><u>17,444,007</u></b>        | <b><u>15,120,989</u></b>        |
| <b><i>Other Assets</i></b>                |                                 |                                 |
| Property, Plant and Equipment, Net        | 20,190,594                      | 20,831,332                      |
| <b>Total Other Assets</b>                 | <b><u>20,190,594</u></b>        | <b><u>20,831,332</u></b>        |
| <b>Total Assets</b>                       | <b><u><u>37,634,601</u></u></b> | <b><u><u>35,952,321</u></u></b> |

**LIABILITIES AND NET ASSETS**

|   |                                 |                                 |
|---|---------------------------------|---------------------------------|
| <b><i>Current Liabilities</i></b>                   |                                 |                                 |
| Accounts Payable                                    | 449,465                         | 1,602,210                       |
| Liability Under Trust Agmt                          | 4,356                           | 5,255                           |
| Accrued Payroll and Employee Benefits               | 2,117,550                       | 2,139,582                       |
| Program Fees Received In Advance - Other            | 2,925,600                       | 1,228,300                       |
| <b>Total Current Liabilities</b>                    | <b><u>5,496,971</u></b>         | <b><u>4,975,347</u></b>         |
| <b><i>Long-term Liabilities</i></b>                 |                                 |                                 |
| Self-Insurance Liability and Other Reserves         | 931                             | 175,000                         |
| Notes Payable                                       | 4,381,926                       | 4,526,431                       |
| <b>Total Long-Term Liabilities</b>                  | <b><u>4,382,857</u></b>         | <b><u>4,701,431</u></b>         |
| <b>Total Liabilities</b>                            | <b><u>9,879,828</u></b>         | <b><u>9,676,778</u></b>         |
| <b><i>Net Assets</i></b>                            |                                 |                                 |
| Current Operations - YMCA excl. Tipper, LLC         | 1,928,577                       | 2,953,850                       |
| Current Operations - Tipper, LLC                    | (121,375)                       | (167,294)                       |
| Current Operations (Restricted,Capital & Endowment) | (327,972)                       | (622,027)                       |
| Unrestricted/Temporarily/Permanently Restricted     | 26,275,543                      | 24,111,014                      |
| <b>Total Net Assets</b>                             | <b><u>27,754,773</u></b>        | <b><u>26,275,543</u></b>        |
| <b>Total Liabilities And Net Assets</b>             | <b><u><u>37,634,601</u></u></b> | <b><u><u>35,952,321</u></u></b> |

# YMCA of Orange County

Statement of Activities By Branch Operating Net  
For the Eight Months Ending  
8/31/2019

|                                    | Current Year YTD  |                   |                  |               | Prior Year YTD Comparison |                          |               |
|------------------------------------|-------------------|-------------------|------------------|---------------|---------------------------|--------------------------|---------------|
|                                    | Actual            | Budget            | Variance         | %<br>Variance | Prior YTD                 | Curr YTD vs<br>Prior YTD | %<br>Variance |
| <b>Operating Revenue By Branch</b> |                   |                   |                  |               |                           |                          |               |
| Fullerton Family                   | 1,813,850         | 1,887,372         | (73,522)         | -3.9%         | 1,755,745                 | 58,105                   | 3.3%          |
| Santa Ana Family                   | 614,079           | 591,611           | 22,468           | 3.8%          | 663,157                   | (49,078)                 | -7.4%         |
| Orange Family                      | 57,404            | 47,634            | 9,770            | 20.5%         | 0                         | 57,404                   | #DIV/0!       |
| Huntington Beach Family            | 1,039,484         | 1,042,000         | (2,516)          | -0.2%         | 1,074,135                 | (34,651)                 | -3.2%         |
| Yorba Linda/Placentia Family       | 190,167           | 219,722           | (29,555)         | -13.5%        | 270,865                   | (80,698)                 | -29.8%        |
| Newport Mesa Family                | 1,855,990         | 2,042,338         | (186,348)        | -9.1%         | 1,711,130                 | 144,860                  | 8.5%          |
| YCS New Horizons                   | 868,465           | 827,458           | 41,007           | 5.0%          | 837,628                   | 30,837                   | 3.7%          |
| Laguna Niguel Family               | 1,834,220         | 1,953,596         | (119,376)        | -6.1%         | 1,989,976                 | (155,756)                | -7.8%         |
| Mission Viejo Family               | 2,042,543         | 1,944,566         | 97,977           | 5.0%          | 1,996,393                 | 46,150                   | 2.3%          |
| Rancho Mission Viejo               | 38,594            | 50,120            | (11,526)         | -23.0%        | 13,570                    | 25,024                   | 184.4%        |
| Childcare                          | 17,900,190        | 18,115,283        | (215,093)        | -1.2%         | 16,246,498                | 1,653,692                | 10.2%         |
| Camp E.L.K.                        | 439,228           | 494,994           | (55,766)         | -11.3%        | 525,173                   | (85,945)                 | -16.4%        |
| San Gabriel Valley                 | 50,886            | 86,056            | (35,170)         | -40.9%        | 2,270                     | 48,616                   | 2141.7%       |
| Murrieta Family                    | 214               | 0                 | 214              | #DIV/0!       | 467,151                   | (466,937)                | -100.0%       |
| Pomona Valley                      | 397,458           | 286,916           | 110,542          | 38.5%         | 376,800                   | 20,658                   | 5.5%          |
| Maple Hill Family                  | 213,884           | 231,140           | (17,256)         | -7.5%         | 181,082                   | 32,802                   | 18.1%         |
| Corporate Initiatives              | 81,830            | 98,250            | (16,420)         | -16.7%        | 75,300                    | 6,530                    | 8.7%          |
| Association Office                 | 65,071            | 36,400            | 28,671           | 78.8%         | 4,036,804                 | (3,971,733)              | -98.4%        |
| Board Fundraising                  | 159,646           | 105,434           | 54,212           | 51.4%         | 1,415,551                 | (1,255,905)              | -88.7%        |
| <b>Total Operating Revenue</b>     | <b>29,663,203</b> | <b>30,060,890</b> | <b>(397,687)</b> | <b>-1.3%</b>  | <b>33,639,228</b>         | <b>(3,976,025)</b>       | <b>-11.8%</b> |
| <b>Operating Net by Branch</b>     |                   |                   |                  |               |                           |                          |               |
| Fullerton Family                   | 553,932           | 610,945           | (57,013)         | -9.3%         | 517,985                   | 35,947                   | 6.9%          |
| Santa Ana Family                   | 99,710            | 101,590           | (1,880)          | -1.9%         | 166,873                   | (67,163)                 | -40.2%        |
| Orange Family                      | 17,316            | 7,451             | 9,865            | 132.4%        | 0                         | 17,316                   | #DIV/0!       |
| Huntington Beach Family            | (79,452)          | (102,806)         | 23,354           | 22.7%         | (185,647)                 | 106,195                  | 57.2%         |
| Yorba Linda/Placentia Family       | 52,472            | 55,912            | (3,440)          | -6.2%         | 57,284                    | (4,812)                  | -8.4%         |
| Newport Mesa Family                | 377,118           | 345,467           | 31,651           | 9.2%          | 335,418                   | 41,700                   | 12.4%         |
| YCS New Horizons                   | 369,540           | 308,869           | 60,671           | 19.6%         | 330,930                   | 38,610                   | 11.7%         |
| Laguna Niguel Family               | 479,700           | 539,093           | (59,393)         | -11.0%        | 590,785                   | (111,085)                | -18.8%        |
| Mission Viejo Family               | 467,815           | 362,491           | 105,324          | 29.1%         | 378,085                   | 89,730                   | 23.7%         |
| Rancho Mission Viejo               | 2,528             | (2,225)           | 4,753            | 213.6%        | 2,245                     | 283                      | 12.6%         |
| Childcare                          | 4,986,821         | 5,177,486         | (190,665)        | -3.7%         | 4,500,505                 | 486,316                  | 10.8%         |
| Camp E.L.K.                        | (30,434)          | 16,914            | (47,348)         | -279.9%       | 24,047                    | (54,481)                 | -226.6%       |
| San Gabriel Valley                 | 15,291            | 13,569            | 1,722            | 12.7%         | (63,929)                  | 79,220                   | 123.9%        |
| Murrieta Family                    | (33,057)          | 0                 | (33,057)         | #DIV/0!       | (236,946)                 | 203,889                  | 86.0%         |
| Pomona Valley                      | 23,899            | (10,155)          | 34,054           | 335.3%        | (6,850)                   | 30,749                   | 448.9%        |
| Maple Hill Family                  | (34,861)          | (12,697)          | (22,164)         | -174.6%       | (27,465)                  | (7,396)                  | -26.9%        |
| Corporate Initiatives              | (152,914)         | (119,365)         | (33,549)         | -28.1%        | 21,391                    | (174,305)                | -814.9%       |
| Association Office                 | (4,616,052)       | (4,668,094)       | 52,042           | 1.1%          | (1,214,749)               | (3,401,303)              | -280.0%       |
| Board Fundraising                  | 127,715           | 64,829            | 62,886           | 97.0%         | 1,411,548                 | (1,283,833)              | -91.0%        |
| <b>Total Operating Net</b>         | <b>2,627,087</b>  | <b>2,689,274</b>  | <b>(62,187)</b>  | <b>-2.3%</b>  | <b>6,601,510</b>          | <b>(3,974,423)</b>       | <b>-60.2%</b> |



## YMCA of Orange County

Statement of Activities By Branch Operating Net  
For the Eight Months Ending  
8/31/2019

|   | Current Year YTD |                |                |               | Prior Year YTD Comparison |                          |               |
|---|------------------|----------------|----------------|---------------|---------------------------|--------------------------|---------------|
|   | Actual           | Budget         | Variance       | %<br>Variance | Prior YTD                 | Curr YTD vs<br>Prior YTD | %<br>Variance |
| Scholarships Awarded                    | (711,369)        | (685,172)      | (26,197)       | -3.8%         | (790,751)                 | 79,382                   | 10.0%         |
| Cares/PDF Funding - Pool, Allocated Out | (92,802)         | (126,668)      | 33,866         | 26.7%         | (66,903)                  | (25,899)                 | -38.7%        |
| Cares/PDF Funding - Used, Allocated To  | 92,802           | 22,668         | 70,134         | 309.4%        | 66,903                    | 25,899                   | 38.7%         |
| Gain/(Loss) Sale of Assets              | (18,781)         | 0              | (18,781)       | #DIV/0!       | (121,663)                 | 102,882                  | 84.6%         |
| Interest Expense                        | (42,474)         | (52,040)       | 9,566          | 18.4%         | (54,445)                  | 11,971                   | 22.0%         |
| Depreciation Expense                    | (946,784)        | (967,886)      | 21,102         | 2.2%          | (1,066,796)               | 120,012                  | 11.2%         |
| Investment In Subsidiary - Tipper       | (121,375)        | (110,991)      | (10,384)       | -9.4%         | (129,336)                 | 7,961                    | 6.2%          |
| Investment Income/(Loss) - Net of Fees  | 52,844           | 140,149        | (87,305)       | -62.3%        | 115,602                   | (62,758)                 | -54.3%        |
| Investment Valuation                    | 968,055          | 0              | 968,055        | #DIV/0!       | 108,928                   | 859,127                  | 788.7%        |
| <b>Total Net Outcome</b>                | <b>1,807,203</b> | <b>909,334</b> | <b>897,869</b> | <b>98.7%</b>  | <b>4,663,049</b>          | <b>(2,855,846)</b>       | <b>-61.2%</b> |

### Orange YMCA asset transfer - Restricted Balance

(Unused portion not reflected in the amounts above) **1,438,861**

**Note:** The following investment activity is not budgeted but is in the actual numbers above.

|                                      | <u>Current YTD</u> | <u>Prior Year YTD</u> |
|--------------------------------------|--------------------|-----------------------|
| Investment Valuation - Gain / (Loss) | 968,055            | 108,928               |
| Short Term Gain (Loss)               | (65,688)           | (24,958)              |
| Long Term Gain (Loss)                | (94,745)           | (18,599)              |
| <b>Total</b>                         | <b>807,622</b>     | <b>65,371</b>         |