



FOR YOUTH DEVELOPMENT
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

Finance Committee Meeting

January 17, 2020

FINANCE COMMITTEE MEETING AGENDA
January 17 @ 12:00pm
Conference Call: 712-775-7100, Access code: 187065#, Press: 1
Lunch will be provided

- | | |
|---|------------------|
| 1. Review/Approve Meeting Minutes <ul style="list-style-type: none">• November 15, 2019 | Sean Peasley |
| 2. Financials <ul style="list-style-type: none">• YMCA• Tipper, LLC | Joyce Kirchhofer |
| 3. GRO Update | Joyce Kirchhofer |

Next Meeting: February 21 @ 12:00pm



FOR YOUTH DEVELOPMENT
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Finance Committee Meeting Minutes November 15, 2019

FINANCE COMMITTEE MEETING MINUTES

PRESENT: Sean Peasley, Juliette Meunier, Ryan Fessler, Jeff McBride, Dolores Daly, Joyce Kirchhofer, Ara Bonyadian, Crystal Immerman

ABSENT: Minh Hoang, Brian Constable

CALL TO ORDER: 12:06pm

1. Review/Approve Meeting Minutes - Sean Peasley

- September 20, 2019
- Sean asked if everyone had a chance to review the minutes and if there were any questions
 - Ryan Fessler motioned to approve the minutes as presented
 - Juliette Meunier seconded the motion
 - No nays or abstentions
 - All in favor; approved

Ara Bonyadian is YMCA OC's new controller and gave a brief background and introduction

2. Financials - Joyce Kirchhofer

- YMCA
- Joyce stated that all the information is covered in the narrative/packet and that nothing is dramatically different from prior months
 - YMCA OC is seeing really good trends in childcare; see narrative
 - We added a new school (Esencia) with 145 kids
 - Marketing helped increase enrollment
 - Laguna Niguel
 - Joyce wanted to highlight Kelly and her team for what a great job they did during the construction. They managed it well and only had 5 cancelations
 - Joyce asked if there were any questions, concerns or comments on the financials
 - None

3. 2019 Budget - Joyce Kirchhofer

- YMCA
- Joyce gave a brief overview of our budget process and changes made this year
 - 250 individual budgets that we roll up into the summary
 - Budget plan will produce a net outcome surplus of 1.3M representing 3% revenue
 - This year we did more accounts zero based verses preloaded numbers
 - Started with a surplus so we could talk about what to put back into the budget verses what needs to be taken out
 - More levels of review from accounting and operations
- Minimum wage increase is our biggest challenge with budgets this year
 - \$1.1 M (this included compression)

- We have succeeded in dealing with this challenge by increasing revenue and finding efficiencies in every program
 - Rate increases in childcare and membership were not given this year because of the rate increase of 2018
 - How many years is the minimum wage increase happening
 - Every year through 2022 @ \$1/hour every year
 - We are analyzing changing salaried childcare directors to hourly pay since minimum wages goes up \$2/hour for those positions.
 - We should have the analysis by the first quarter of next year
 - YMCA is self-insured for unemployment
- 2020 CAPX schedule was handed out for review
 - \$979k
 - Related depreciation is included in 2020 budget
- Q & A
 - Sean: Reconfirm revenue growing this year
 - Yes, 3.5%
 - Juliette: Fullerton negative net outcome
 - Health and wellness has been struggling
 - Hired a new director last week who worked for us previously and he is very well versed in our programs and operations and we are confident he can “hit the ground running”
 - Definitely salvageable just takes time to get it going again
 - Dolores stated that we should anticipate a loss of donors due to Clare’s departure
 - Juliette recommends FC should put this branch on our “watch list”
 - Ryan: asked why Orange was not budgeted
 - Orange currently only has ASES sites in this service area and those are budgeted under childcare
 - Ryan: Rancho Mission Viejo
 - This is a new up and coming neighborhood
 - We currently run sports, childcare and group x classes out of the park facilities
 - This is a great opportunity for the YMCA to get in and get established in hopes to be a provider for this area in the future
 - Ryan: Resident Camp
 - We don’t have the AS&F funding that we had last year
 - The budget represents the true operating loss
 - Dolores: – We ran 7 weeks of our own camp last summer and it’s more expensive because we have to pay the counselors, etc. Next year we are going to cut it down to 4 weeks and then use those other open weeks for user groups which are more cost effective to run
 - Repairs and maintenance is covered by a reserve account
 - Juliette: Purchasing managers cost reduction plan
 - Those items are in the budget if we know the work is happening
 - Ryan: Operating budget only? Growth?
 - Unless we have a contract in hand we don’t budget for new sites

- Tipper, LLC
 - AO building is fully leased
 - One lease expires next year otherwise we are good for 2 years
 - We had a partial welfare exemption and will see a savings of \$13k/year on Property taxes

- Sean asked the committee if there were any additional questions or concerns regarding the 2020 budget
 - Juliette Meunier motioned to approve the budget as presented
 - Sean Peasley seconded the motion
 - No nays or abstentions
 - All in favor; approved
- Sean asked the committee if there were any additional questions or concerns regarding the CAPX schedule that was presented for 2020
 - Ryan Fessler motioned to approve the CAPX schedule as presented
 - Juliette Meunier seconded the motion
 - No nays or abstentions
 - All in favor; approved

- December 2018
 - The FC chart of work is light in December and YMCA does not foresee any material issues or changes in the finances therefore we will cancel the December FC meeting.
 - NO BOD meeting in December
 - Crystal will prepare the minutes from this meeting and will send it to the entire BOD
 - BOD will need to vote via email to approve the budget as presented; this is required to have 100% participation and agreement to move forward
 - We will also re-present the budget at the January meeting and will conduct a live vote to ensure all bases are covered

Meeting Adjourned at 12:55pm

YMCA of Orange County

Financial Highlights

Year Ended December 31, 2019

Assets	\$ 38.6M
Liabilities	\$ 9.2M
Net Assets	\$ 29.4M

	Actual	Budget	Variance
Operating Revenue	\$ 44,020,537	\$ 43,807,996	\$ 212,541
Operating Expenses	39,870,448	40,190,494	320,046
Operating Net	4,150,089	3,617,502	532,587
Scholarships Awarded	(1,054,304)	(1,004,534)	(49,770)
Investment Income - Net of Fees	1,848,541	194,485	1,654,056
Depreciation	(1,411,510)	(1,449,725)	38,215
Investment in Subsidiary-Tipper	(118,213)	(131,438)	13,225
Interest Expense	(70,747)	(76,172)	5,425
Gain/(Loss) Sale of Assets	(15,482)	-	(15,482)
CARES/PDF - Pool, Allocated Out	(103,296)	(182,000)	78,704
CARES/PDF - Used, Allocated To	103,296	32,000	71,296
Net Outcome	\$ 3,328,374	\$ 1,000,118	\$ 2,328,256

Balance Sheet Summary - Statement of Financial Position report

Assets increased \$2.6M (+7.3%) over prior year, primarily from the cash asset transfer from the Orange YMCA and the change in investments over the prior year.

Profit & Loss Summary

We ended the year with an unprecedented Net Outcome Surplus of \$3.3M (7.6% vs. 2.3% budgeted). The Operating Net for the year was \$4.2M (9.4% vs 8.3% budgeted). We succeeded in exceeding the annual budgeted Operating Revenue, Operating Net and Net Outcome. Of the \$2.3M Net Outcome favorable variance, the investment valuation and income, net of fees, accounts for \$1.6M. Wages, taxes, benefits and employee related costs ended up \$674k less than budget. There were no surprises for year end, in fact we ended the year within \$35k of what was presented for the 2019 projection with the 2020 budget package.

In looking back at the 2019 budget that was presented, we anticipated a year of conquering challenges, assessing the sustainability of what we currently have, a focus on growth opportunities, development of staff and continuing the hard work towards progressing our culture change. The 2019 financials are a reflection of the plan in action.

We faced several challenges this year such as minimum wage increases, construction at Laguna Niguel, competition in gym facilities and resident camp in a transition period to name a few. With leadership changes, continued work on the culture, enhanced marketing, expense management, Child & Youth Development child/staff ratio analysis, addition of programs/sites, working on staff development and ownership of their respective areas have all made a difference. Only three active branches had a negative Operating Net, Huntington Beach, Maple Hill & Camp ELK however Huntington Beach and Maple Hill both improved over the prior year, \$197k and \$32k respectively. There are five branches that have an Operating Net of \$500k or more (Fullerton, Newport Mesa, YCS, Laguna Niguel & Mission Viejo), there were only two last year (Fullerton & Laguna Niguel). GRO was contracted to look at our facility locations, they have come up with a preliminary facility development and asset optimization report; a presentation of the opportunities will be forthcoming. This will spark some good generative discussions about our future; the increased community impact and growth potential is exciting.

YMCA of Orange County
Statement of Financial Position-Consolidated
12/31/2019

	<u>12/31/2019</u>	<u>12/31/2018</u>
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	4,815,659	3,346,003
Investments	12,250,657	10,483,166
Accounts Receivable - Net Allowance	949,104	787,924
Annual Pledges Receivable - Net Allowance	24,422	26,642
Deposits and Prepaid Rent	112,792	37,930
Prepaid Insurance	83,972	9,865
Other Prepaid Expenses	337,640	429,459
Total Current Assets	18,574,246	15,120,989
<i>Other Assets</i>		
Property, Plant and Equipment, Net	19,993,766	20,831,332
Total Other Assets	19,993,766	20,831,332
Total Assets	38,568,012	35,952,321
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accounts Payable	521,032	1,602,210
Liability Under Trust Agmt	4,038	5,255
Accrued Payroll and Employee Benefits	1,783,678	2,139,582
Program Fees Received In Advance - Other	2,504,174	1,228,300
Total Current Liabilities	4,812,922	4,975,347
<i>Long-term Liabilities</i>		
Self-Insurance Liability and Other Reserves	100,000	175,000
Notes Payable	4,310,095	4,526,431
Total Long-Term Liabilities	4,410,095	4,701,431
Total Liabilities	9,223,017	9,676,778
<i>Net Assets</i>		
Current Operations - YMCA excl. Tipper, LLC	3,446,607	2,953,850
Current Operations - Tipper, LLC	(118,213)	(167,294)
Current Operations (Restricted,Capital & Endowment)	(258,942)	(622,027)
Unrestricted/Temporarily/Permanently Restricted	26,275,543	24,111,014
Total Net Assets	29,344,995	26,275,543
Total Liabilities And Net Assets	38,568,012	35,952,321

YMCA of Orange County

Statement of Activities By Branch Operating Net
For the Twelve Months Ending
12/31/2019

	Current Year YTD				Prior Year YTD Comparison		
	Actual	Budget	Variance	% Variance	Prior YTD	Curr YTD vs Prior YTD	% Variance
Operating Revenue By Branch							
Fullerton Family	2,652,370	2,756,641	(104,271)	-3.8%	2,810,724	(158,354)	-5.6%
Santa Ana Family	901,464	790,591	110,873	14.0%	901,351	113	0.0%
Orange Family	67,565	65,154	2,411	3.7%	0	67,565	#DIV/0!
Huntington Beach Family	1,548,403	1,555,694	(7,291)	-0.5%	1,569,284	(20,881)	-1.3%
Yorba Linda/Placentia Family	255,009	298,395	(43,386)	-14.5%	320,401	(65,392)	-20.4%
Newport Mesa Family	2,733,110	2,778,663	(45,553)	-1.6%	2,452,639	280,471	11.4%
YCS New Horizons	1,260,091	1,165,417	94,674	8.1%	1,163,306	96,785	8.3%
Laguna Niguel Family	2,806,670	2,851,261	(44,591)	-1.6%	3,238,847	(432,177)	-13.3%
Mission Viejo Family	3,163,227	3,011,404	151,823	5.0%	3,513,051	(349,824)	-10.0%
Rancho Mission Viejo	43,689	73,680	(29,991)	-40.7%	20,420	23,269	114.0%
Child & Youth Development	26,980,272	26,801,180	179,092	0.7%	24,854,327	2,125,945	8.6%
Camp E.L.K.	461,178	565,954	(104,776)	-18.5%	593,884	(132,706)	-22.3%
San Gabriel Valley	55,548	89,776	(34,228)	-38.1%	81,178	(25,630)	-31.6%
Murrieta Family	214	0	214	#DIV/0!	670,244	(670,030)	-100.0%
Pomona Valley	465,582	443,096	22,486	5.1%	639,064	(173,482)	-27.1%
Maple Hill Family	286,050	298,240	(12,190)	-4.1%	235,066	50,984	21.7%
Corporate Initiatives	81,830	98,250	(16,420)	-16.7%	106,550	(24,720)	-23.2%
Association Office	68,271	39,600	28,671	72.4%	4,242,141	(4,173,870)	-98.4%
Board Fundraising	189,994	125,000	64,994	52.0%	1,572,593	(1,382,599)	-87.9%
Total Operating Revenue	44,020,537	43,807,996	212,541	0.5%	48,985,070	(4,964,533)	-10.1%
Operating Net by Branch							
Fullerton Family	764,353	846,491	(82,138)	-9.7%	713,614	50,739	7.1%
Santa Ana Family	156,493	143,366	13,127	9.2%	185,073	(28,580)	-15.4%
Orange Family	21,766	10,191	11,575	113.6%	(2,514)	24,280	965.8%
Huntington Beach Family	(129,455)	(154,060)	24,605	16.0%	(326,320)	196,865	60.3%
Yorba Linda/Placentia Family	44,509	73,562	(29,053)	-39.5%	40,853	3,656	8.9%
Newport Mesa Family	583,838	450,385	133,453	29.6%	440,570	143,268	32.5%
YCS New Horizons	501,670	389,288	112,382	28.9%	397,925	103,745	26.1%
Laguna Niguel Family	667,656	708,709	(41,053)	-5.8%	754,044	(86,388)	-11.5%
Mission Viejo Family	633,292	512,815	120,477	23.5%	452,895	180,397	39.8%
Rancho Mission Viejo	(1,048)	(2,057)	1,009	49.1%	(6,251)	5,203	83.2%
Child & Youth Development	8,370,724	8,113,679	257,045	3.2%	7,271,974	1,098,750	15.1%
Camp E.L.K.	(94,890)	(29,105)	(65,785)	-226.0%	(24,147)	(70,743)	-293.0%
San Gabriel Valley	15,768	14,423	1,345	9.3%	9,744	6,024	61.8%
Riverside County	(2)	0	(2)	#DIV/0!	0	(2)	0.0%
Murrieta Family	(33,147)	0	(33,147)	#DIV/0!	(1,149,330)	1,116,183	97.1%
Pomona Valley	66,810	74,904	(8,094)	-10.8%	192,352	(125,542)	-65.3%
Maple Hill Family	(59,256)	(48,350)	(10,906)	-22.6%	(90,967)	31,711	34.9%
Corporate Initiatives	(228,850)	(181,321)	(47,529)	-26.2%	(16,345)	(212,505)	-1300.1%
Association Office	(7,278,340)	(7,375,713)	97,373	1.3%	(3,684,916)	(3,593,424)	-97.5%
Board Fundraising	148,198	70,295	77,903	110.8%	1,525,912	(1,377,714)	-90.3%
Total Operating Net	4,150,089	3,617,502	532,587	14.7%	6,684,166	(2,534,077)	-37.9%

YMCA of Orange County

Statement of Activities By Branch Operating Net
For the Twelve Months Ending
12/31/2019

	Current Year YTD				Prior Year YTD Comparison		
	Actual	Budget	Variance	% Variance	Prior YTD	Curr YTD vs Prior YTD	% Variance
Scholarships Awarded	(1,054,304)	(1,004,534)	(49,770)	-5.0%	(1,109,377)	55,073	5.0%
Cares/PDF Funding - Pool, Allocated Out	(103,296)	(182,000)	78,704	43.2%	(118,608)	15,312	12.9%
Cares/PDF Funding - Used, Allocated To	103,296	32,000	71,296	222.8%	118,608	(15,312)	-12.9%
Gain/(Loss) Sale of Assets	(15,482)	0	(15,482)	#DIV/0!	(510,249)	494,767	97.0%
Interest Expense	(70,747)	(76,172)	5,425	7.1%	(85,111)	14,364	16.9%
Depreciation Expense	(1,411,510)	(1,449,725)	38,215	2.6%	(1,599,466)	187,956	11.8%
Investment In Subsidiary - Tipper	(118,213)	(131,438)	13,225	10.1%	(167,294)	49,081	29.3%
Investment Income/(Loss) - Net of Fees	294,873	194,485	100,388	51.6%	270,548	24,325	9.0%
Investment Valuation	1,553,688	0	1,553,688	#DIV/0!	(696,660)	2,250,348	323.0%
Total Net Outcome	3,328,394	1,000,118	2,328,276	232.8%	2,786,557	541,837	19.4%

Orange YMCA asset transfer - Restricted Balance

(Unused portion not reflected in the amounts above) **1,428,582**

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)	1,553,688	(696,660)
Short Term Gain (Loss)	(64,980)	(41,531)
Long Term Gain (Loss)	(14,082)	25,129
Total	1,474,626	(713,062)

Tipper, LLC

Profit & Loss Statement
For the Twelve Months Ending
December 31, 2019

	YTD				Prior YTD		
	Actual	Budget	Act vs Bud Variance	% Variance	Prior Yea	Curr YTD vs Prior YTD	% Variance
Total Revenue	454,632	492,950	(38,318)	(8%)	468,058	(13,426)	(3%)
Operating Net	210,461	216,798	(6,337)	(3%)	162,932	47,529	29%
Depreciation	(219,314)	(222,660)	3,346	(2%)	(205,437)	(13,877)	(7%)
Investment Revenue	53	0	53	0%	0	53	0%
Interest Expense	(110,213)	(124,776)	14,563	(12%)	(123,189)	12,976	11%
Income Taxes	800	(800)	1,600	(200%)	(1,600)	2,400	150%
Net Outcome	(118,213)	(131,438)	13,225	(10%)	(167,294)	49,081	(29%)