



FOR YOUTH DEVELOPMENT
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

Finance Committee

May 15, 2020
12:00pm-1:00pm

ZOOM

<https://us02web.zoom.us/j/84092142447?pwd=ZWVhL2crNGxqc2piekE3bDhrTUNBZz09>

Meeting ID: 840 9214 2447

Password: 223913

One tap mobile

+16699009128,,84092142447#,,1#,223913# US (San Jose)

FINANCE COMMITTEE MEETING AGENDA
May 15 @ 12:00pm
ZOOM

- | | |
|-----------------------------------|------------------|
| 1. Review/Approve Meeting Minutes | Sean Peasley |
| • April 17, 2020 | |
| 2. Financials | Joyce Kirchhofer |
| • April 2020 | |
| 3. Audit and Reconciliation | Joyce Kirchhofer |
| 4. Re-open Planning | Dolores Daly |
| 5. Scenarios and Liquidity | Joyce Kirchhofer |
| 6. Search Update | Christine Salas |
| 7. Other Business | |



FOR YOUTH DEVELOPMENT
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April 17, 2020

**Finance Committee
MINUTES**

Conference Call

FINANCE COMMITTEE MEETING
MINUTES
April 17 @ 12:30pm

Present/Phone:

Sean Peasley, Brian Constable, Ryan Fessler, Minh Hoang, Jeff McBride, Dolores Daly, Joyce Kirchhofer, Christine Salas

Absent: Juliette Meunier

1. Review/Approve Meeting Minutes

Sean Peasley

- February 21, 2020
 - Brian Constable motioned to approved minutes as presented
 - Minh Hoang seconded the motion
 - Approved, All in favor no nays or abstentions

2. Financials

Joyce Kirchhofer

- March 2020
 - Joyce – Unprecedented times due to COVID 19
 - In mid-March we shut down all fitness facilities and closed all but 28 child care centers
 - Revenue for ½ of March for closed programs was moved to deferred revenue
 - Revenue decreased \$1.6M
 - Investments also had a massive loss but as things re-open the investment will start to build
 - Cash flows
 - Projected out the cash; exclusive of the \$10.5M investments
 - As of today – We have cash through June and then we would have to dip into the investment account
 - P&L Scenarios
 - Loss for April could easily end up being \$1.3-1.5M
 - Unemployment currently = approximately \$30K/week (after the 50% federal credit) and will likely increase as we just furloughed another wave of employees
 - The skeleton crew that we kept on is working a 4 day week and salary employees are taking a 20% pay cut
 - Brian Constable appreciates leadership's decision for this. Has there been any talk of possibly paying those employees back to make them "whole"
 - Leadership has discussed this possibility briefly but has not looked deeper into this (yet)
 - Sean – what are the biggest fixed items that are contributing to that loss
 - Payroll (biggest number)
 - Rent
 - Contractual obligations with software

- Joyce: We have talked to the majority of our vendors to see if we can get credit or discount
 - Insurance carrier said it could take up to 60 days to see what the discount would be
 - Workers Compensation - The WCIRB is allowing a special WC code for employees working from home. We are also working to reduce our premium payments due to the substantial decrease in payroll
- Sean: Are we looking at what it looks like in the best- and worst-case scenario?
 - Joyce: We have calculated many different levels but now will be looking at other scenarios
- Sean: At what point do we reduce the workforce even more?
 - Leadership is constantly/daily looking at this and we are very sensitive to the costs
 - FYI the ASES grant is still paying for those specific employees
- Ryan: Are the payables increasing
 - Joyce: Yes. We have been working with all of our vendors and have approximately 50-60 who have agreed to payment arrangements, some have given us credits and some are deferring our payments
- Brian: Offered a suggestion to paying the interest on the loans
 - Joyce will look into that vs deferring the payment

3. SBA/PPP Loan

Joyce Kirchhofer

- We did apply under guidelines that we felt were okay and the loan was approved but our attorney looked at it and we over the 500 headcount. Therefore, we have withdrawn the application as of this morning
- In order to apply for this loan, we were required to open up a checking account with Farmers and Merchant Bank and would like to keep it open
 - Brian motion to keep the FMB checking account open
 - Ryan seconded the motion
 - Approved, all in favor no nays or abstentions

4. Line of Credit

Joyce Kirchhofer

- FMB and Wells provided term sheets for a LOC
- Don Saulic suggested a “margin account loan”
 - There are no fees and the only thing we would pay is interest
 - Term is open and we could draw 60-70% of the value of in our investments
 - The fed funds rate plus 1%, with the 1% going to Fidelity
 - Currently the rate would be about 1.25%
 - Bahnsen has waived their fees
 - Brian: I think it’s fine to leverage out our own funds to avoid a shortfall of cash
 - Joyce anticipates having to draw on this when cash run out in June
 - Brian Constable motions to approve the “margin account loan”

- Ryan Fessler seconded the motion
- Approved, all in favor no nays or abstentions

5. Stimulus Funding

Joyce Kirchhofer

- See “Loans and Grants” from YUSA in Finance packet for all details
 - SBA Loans (see above minutes; application withdrawn)
 - Industry Stabilization Loan
 - Doesn’t make sense for us at this time
 - There is no deadline for applying so we will continue to look into this
 - SBA Economic Injury and Grants
 - YMCA does not qualify
 - Employee Retention
 - Doesn’t make sense for us to apply, paying staff while not working
 - We would only get a \$5K credit and would spend more money trying to get the credit
 - Emergency Unemployment Relief
 - We automatically get, handled through the state
 - Employer payroll tax deferral
 - We are (currently) not doing this
 - We can invoke at anytime
 - Family First Coronavirus Act
 - We do not qualify

6. Maple Hill

Dolores Daly

- Email summary was sent to this group and is available by request
- Maple Hill serves 393 units and it is not the right facility
- This location was transferred to us for free during the asset transfer from Pomona
- We have lost \$376K cumulatively and will lose another \$68K for this year alone
- We would like to recommend to permanently close this facility; we would need to notify staff at the beginning of May
 - Ryan Fessler motioned to approve the closure
 - Brian Constable seconded the motion
 - Approved, All in favor no nays or abstentions
- We are also looking at the same scenario for Santa Ana and Huntington Beach
 - We will report back to this group once we have detailed numbers

7. Other Business

- UCI employees got an increase/premium pay of \$2/hour because of the risk
 - Sean – did they sign a release?
 - Dolores: Yes, we have a specific COVID 19 releases and liability waivers
 - a. Staff AND parents signed

Adjourned at 1:25pm

YMCA of Orange County

Financial Highlights

April 30, 2020

Assets	\$ 35.6M
Liabilities	\$ 9.3M
Net Assets	\$ 26.3M

	April Mo. Actual	April Mo. Budget	Variance
Operating Revenue	\$ 961,239	\$ 3,656,707	\$ (2,695,468)
Operating Expenses	1,758,485	3,324,948	1,566,463
Operating Net	(797,246)	331,759	(1,129,005)
Scholarships Awarded	(7,144)	(78,671)	71,527
Fundraising Allocations - Undesignated	-	(2,381)	2,381
Investment Income - Net of Fees	489,317	25,264	464,053
Depreciation	(119,275)	(123,224)	3,949
Investment in Subsidiary-Tipper	(1,222)	(7,708)	6,486
Interest Expense	(5,347)	(5,889)	542
Gain/(Loss) Sale of Assets	-	-	-
CARES/PDF - Pool, Allocated Out	(3,495)	(15,917)	12,422
CARES/PDF - Used, Allocated To	3,495	500	2,995
Net Outcome	\$ (440,917)	\$ 123,733	\$ (564,650)

Balance Sheet Summary - Statement of Financial Position report

Assets decreased \$400k (-1.1%) from March and decreased \$2.9M (-7.6%) since year end. This is the effect of COVID-19. As expected, the largest change is in investments which are down \$1.7M (-14.2%) from year end; this is after a partial comeback in April of \$488k (+4%).

Profit & Loss Summary

April was the first full month of the shelter-in-place mandate with only essential services open for business. No gyms or programs were allowed to operate however we were able to provide services at 18 of our 80 childcare sites to care for children of essential service workers. During the month, to be more efficient, the sites were consolidated down to 10. In April, we opened up 2 pop up childcare sites for UCI in Orange and Irvine and began caring for children of staff who worked for UCI at these sites.

The Month of April had a Net Outcome loss of (\$441k). Revenue is 74% lower than budget and wages are 59% lower than budget. COVID has changed ratios, created "stable" groups that we have never had to navigate before and increased protocols. What we have expected from child care in the past financially is not viable at this time due to new guidelines and regulations. The use of vacation/floater/sick time impacts the April wages by about \$157k (7.5% of budgeted wages). We are self-insured for unemployment, the April financials include \$236K for the Y's portion of the estimated unemployment benefits; this covers half of March and all of April.

We were able to secure \$347k in Emergency Funding from various donors. We have moved into the next phase, planning for re-opening the branches, to ensure we are ready to meet all new safety protocols, provide excellent service and each location be financially viable.

YMCA of Orange County
Statement of Financial Position-Consolidated
4/30/2020

	<u>4/30/2020</u>	<u>12/31/2019</u>
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	4,767,925	4,838,069
Investments	10,507,843	12,250,809
Accounts Receivable - Net Allowance	172,327	949,927
Annual Pledges Receivable - Net Allowance	139,569	24,422
Deposits and Prepaid Rent	5,590	88,044
Prepaid Insurance	185,821	83,972
Other Prepaid Expenses	235,052	510,941
Total Current Assets	16,014,127	18,746,184
<i>Other Assets</i>		
Property, Plant and Equipment, Net	19,615,067	19,827,897
Total Other Assets	19,615,067	19,827,897
Total Assets	35,629,194	38,574,081
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accounts Payable	646,882	530,673
Accrued Payroll and Employee Benefits	1,655,392	1,903,337
Program Fees Received In Advance - Other	2,627,058	914,750
Total Current Liabilities	4,929,332	3,348,760
<i>Long-term Liabilities</i>		
Self-Insurance Liability and Other Reserves	125,952	100,000
Notes Payable	4,258,342	4,311,987
Total Long-Term Liabilities	4,384,294	4,411,987
Total Liabilities	9,313,626	7,760,747
<i>Net Assets</i>		
Current Operations - YMCA excl. Tipper, LLC	(2,690,616)	3,160,542
Current Operations - Tipper, LLC	(53,394)	(129,622)
Current Operations (Restricted,Capital & Endowment)	(1,753,756)	1,506,871
Unrestricted/Temporarily/Permanently Restricted	30,813,334	26,275,543
Total Net Assets	26,315,568	30,813,334
Total Liabilities And Net Assets	35,629,194	38,574,081

YMCA of Orange County
Statement of Activities By Branch Operating Net
For the Four Months Ending
4/30/2020

	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	568,406	933,511	(365,105)	-39.1%	944,762	(376,356)	-39.8%
Santa Ana Family	175,508	264,188	(88,680)	-33.6%	237,812	(62,304)	-26.2%
Orange Family	1,695	0	1,695	#DIV/0!	33,169	(31,474)	-94.9%
Huntington Beach Family	340,375	521,907	(181,532)	-34.8%	516,317	(175,942)	-34.1%
Yorba Linda/Placentia Family	49,646	96,011	(46,365)	-48.3%	116,855	(67,209)	-57.5%
Newport Mesa Family	678,247	986,216	(307,969)	-31.2%	910,660	(232,413)	-25.5%
YMCA Community Services	348,338	686,297	(337,959)	-49.2%	352,549	(4,211)	-1.2%
Laguna Niguel Family	656,402	1,027,986	(371,584)	-36.1%	1,006,854	(350,452)	-34.8%
Mission Viejo Family	712,127	1,135,353	(423,226)	-37.3%	1,085,064	(372,937)	-34.4%
Rancho Mission Viejo	10,128	10,476	(348)	-3.3%	7,256	2,872	39.6%
Child & Youth Development	5,796,547	8,710,022	(2,913,475)	-33.4%	8,998,392	(3,201,845)	-35.6%
Resident Camp	7,324	70,838	(63,514)	-89.7%	104,900	(97,576)	-93.0%
San Gabriel Valley	9,722	40,000	(30,278)	-75.7%	8,107	1,615	19.9%
Murrieta Family	0	0	0	#DIV/0!	(227)	227	100.0%
Pomona Valley	0	0	0	#DIV/0!	171,626	(171,626)	-100.0%
Maple Hill Family	38,039	72,601	(34,562)	-47.6%	56,070	(18,031)	-32.2%
Corporate Initiatives	84,000	130,900	(46,900)	-35.8%	1,075	82,925	7714.0%
Association Office	5,206	3,200	2,006	62.7%	28,203	(22,997)	-81.5%
Board Fundraising	111,563	107,143	4,420	4.1%	127,583	(16,020)	-12.6%
CYD Covid	431,596	0	431,596	#DIV/0!	0	431,596	#DIV/0!
Branches Covid	33,830	0	33,830	#DIV/0!	0	33,830	#DIV/0!
AO Covid	373,311	0	373,311	#DIV/0!	0	373,311	#DIV/0!
Total Operating Revenue	10,432,010	14,796,649	(4,364,639)	-29.5%	14,707,027	(4,275,017)	-29.1%
Operating Net by Branch							
Fullerton Family	137,495	270,225	(132,730)	-49.1%	331,761	(194,266)	-58.6%
Santa Ana Family	39,748	26,180	13,568	51.8%	50,694	(10,946)	-21.6%
Orange Family	333	0	333	#DIV/0!	10,416	(10,083)	0.0%
Huntington Beach Family	(42,252)	(40,952)	(1,300)	-3.2%	(24,426)	(17,826)	-73.0%
Yorba Linda/Placentia Family	15,204	56,469	(41,265)	-73.1%	42,335	(27,131)	-64.1%
Newport Mesa Family	207,881	214,850	(6,969)	-3.2%	203,590	4,291	2.1%
YMCA Community Services	117,099	241,757	(124,658)	-51.6%	142,678	(25,579)	-17.9%
Laguna Niguel Family	242,514	300,273	(57,759)	-19.2%	347,490	(104,976)	-30.2%
Mission Viejo Family	175,427	274,020	(98,593)	-36.0%	332,394	(156,967)	-47.2%
Rancho Mission Viejo	5,460	(205)	5,665	2763.4%	(7,046)	12,506	177.5%
Child & Youth Development	1,850,254	2,788,529	(938,275)	-33.6%	3,081,394	(1,231,140)	-40.0%
Resident Camp	(52,827)	(80,002)	27,175	34.0%	(28,637)	(24,190)	-84.5%
San Gabriel Valley	7,067	19,083	(12,016)	-63.0%	1,228	5,839	475.5%
Murrieta Family	0	0	0	#DIV/0!	(33,498)	33,498	100.0%
Pomona Valley	(250)	(1,311)	1,061	80.9%	(456)	206	45.2%
Maple Hill Family	(16,004)	(18,238)	2,234	12.2%	(46,838)	30,834	65.8%
Branch Executive	(38,221)	(62,831)	24,610	39.2%	0	(38,221)	0.0%
Corporate Initiatives	(22,084)	(9,444)	(12,640)	-133.8%	(76,998)	54,914	71.3%
Association Office	(1,606,623)	(2,358,157)	751,534	31.9%	(2,228,087)	621,464	27.9%
Board Fundraising	92,774	84,800	7,974	9.4%	102,382	(9,608)	-9.4%
CYD Covid	(664,442)	0	(664,442)	#DIV/0!	0	(664,442)	#DIV/0!
Branches Covid	(494,920)	0	(494,920)	#DIV/0!	0	(494,920)	#DIV/0!
AO Covid	(208,270)	0	(208,270)	#DIV/0!	0	(208,270)	#DIV/0!
Total Operating Net	(254,637)	1,705,046	(1,959,683)	-114.9%	2,200,376	(2,455,013)	-111.6%

YMCA of Orange County
Statement of Activities By Branch Operating Net
For the Four Months Ending
4/30/2020

	Current Year YTD				Prior Year YTD Comparison		
	Actual	Budget	Variance	% Variance	Prior YTD	Curr YTD vs Prior YTD	% Variance
Scholarships Awarded	(210,050)	(310,036)	99,986	32.2%	(306,959)	96,909	31.6%
FR Allocation - Scholarship	0	(9,527)	9,527	100.0%	0	0	0.0%
Cares/PDF Funding - Pool, Allocated Out	(6,806)	(54,664)	47,858	87.5%	(36,712)	29,906	81.5%
Cares/PDF Funding - Used, Allocated To	6,806	3,000	3,806	126.9%	36,712	(29,906)	-81.5%
Gain/(Loss) Sale of Assets	8,775	0	8,775	#DIV/0!	1,922	6,853	356.6%
Interest Expense	(21,769)	(24,306)	2,537	10.4%	(18,900)	(2,869)	-15.2%
Depreciation Expense	(476,375)	(492,925)	16,550	3.4%	(475,319)	(1,056)	-0.2%
Investment In Subsidiary - Tipper	(53,394)	(38,633)	(14,761)	-38.2%	(68,543)	15,149	22.1%
Investment Income/(Loss) - Net of Fees	(345,415)	98,805	(444,220)	-449.6%	(8,660)	(336,755)	-3888.6%
Investment Valuation	(1,391,144)	0	(1,391,144)	#DIV/0!	1,006,964	(2,398,108)	-238.2%
Total Net Outcome	(2,744,009)	876,760	(3,620,769)	-413.0%	2,330,881	(5,074,890)	-217.7%

Orange YMCA asset transfer - Restricted Balance
(Unused portion not reflected in the amounts above) **1,424,454**

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)	(1,391,144)	1,006,964
Short Term Gain (Loss)	(307,879)	(49,147)
Long Term Gain (Loss)	(165,271)	(61,015)
Total	(1,864,294)	896,802