

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: April 5, 2018

REQUEST DATE: March 28, 2018

Last grant acknowledgement: Yes

Program Area: Human Services

APPLICANT:

United Way of Northern New Jersey
Morris County Office
PO Box 1948
Morristown, NJ 07962-1948

CONTACT: Mr. John B. Franklin, Chief Executive Officer

PHONE: 973-993-1160 x 103

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$300,000 **NATURE OF REQUEST:** For general operating support

GRANT HISTORY

LAST GRANT DATE: 4/28/2017

LAST GRANT AMOUNT: \$225,000

AFS DATE: Used draft

FY17 figures

| | | | |
|------|-----------|------------|--|
| 2013 | \$325,000 | 12/16/2013 | For: General allocation to member agencies in Morris County only |
| 2014 | \$325,000 | 12/15/2014 | For: General allocation to member/partner agencies in Morris County only |
| 2015 | \$300,000 | 12/11/2015 | For: General allocation to partner agencies in Morris County only |
| 2016 | \$250,000 | 9/12/2016 | For: General allocation to partner agencies in Morris County only |
| 2017 | \$225,000 | 4/28/2017 | For: General allocation to partner agencies in Morris County only |

DLK COMMENTS: See financial analysis.

JFT COMMENTS: I'll start out by reminding everyone that John Franklin and Kiran Gaudioso of the United Way of Northern New Jersey (UWNNJ) presented to the Board last September. John did a fine job portraying the ALICE (Asset Limited, Income Constrained, Employed) project and Kiran delved deeper into the Success by 6, Early Childhood Education, Volunteer Income Tax Assistance, Youth Empowerment, and Caregivers programs. The 2018 proposal touches on each of those topics.

Statistics in most of those programs mentioned above have remained static or decreased. The Grow NJ Kids program only saw one additional child care center being rated in 2017. The Child Development Associate training saw only two additional Morris County teachers complete the program. The Youth Empowerment Alliance partnered with St. Elizabeth's for three years back in 2015 and mention is made of that collaboration, entitled The School Culture and Climate Initiative, but fails to cite any outcome data or if the partnership will end (there was a 3-year grant). I will say that the Tax Assistance and Caregiver programs are both portrayed as quite successful.

APPLICANT: United Way of Northern New Jersey

Morris County partner agency allocations decreased substantially in 2017 from \$717,756 to \$420,550, a 41% decrease. FMKF grantees saw a decrease of 51% from \$286,500 in 2016 to \$122,970 in 2017. To read these figures is disappointing to say the least.

We know that the UWNNJ is struggling. They certainly put much emphasis (and a good amount of funding – \$627K budgeted for FY18) on the ALICE project, which is clearly their “claim to fame” and a fine tool for many organizations. (Perhaps at some point we should solicit information from some of the childcare center Boards or contact St. Elizabeth’s for feedback on the back-office assistance they are receiving from the UWNNJ.) We all know and think highly of the staff and leadership at UWNNJ. Time will tell if they can sustain the programs in Morris County or if they should adopt a “collaborative” model as the United Way of the Greater Triangle has. I recommend the budgeted \$200K.

WHB COMMENTS: There is some disappointment here but also some highlights. One in particular is the UW’s involvement with the Wharton School District helping Wharton secure \$300K under the state’s preschool expansion funding that became available last summer. Perhaps the best part of that story is the partnership involved: El Primer Paso, Morris County Head Start, and the Little People’s Academy. Hopefully this will serve as a best practice model for the future. That said, there seems to be little progress with respect to the pre-K supply-and-demand crisis in the Town of Dover.

The allocation data are dismal, and the J&J Foundation situation isn’t helping now and will likely/definitely result in decreased revenue next year as J&J corporate gifts will now follow employee designations.

Program allocations to its partner organizations and their clients will continue to be affected, and so our renewed support will help and our insert language should remain the same.

SDK COMMENTS: I think John’s presentation to our Board last year reflected a kind and dedicated leader, but not one full of energy nor particularly inspiring. As for JFT’s comments, I appreciate highlighting the decrease in DIRECT agency funding, but of course they will argue that many of the same agencies are benefitting indirectly from their key initiatives and, to a degree, that is probably correct.

That said, and as WHB alludes, we are helping them out cash-flow-wise by processing this request on an expedited basis. Not sure why this arrived nearly six weeks later than last year. Directionally, I believe our decreased support has been appropriate, and hopefully, we will now feel comfortable at a new base of \$200K after years of decreasing to bring to a more equitable basis with Triangle United Way.

APPLICANT: United Way of Northern New Jersey

| | | | |
|----------------------------|---------------------------|---|--|
| Grantee Name: | United Way of Northern NJ | Date: | <u>4/4/2018</u> |
| Prepared By: | DLK | | |
| Grant Request Amt. | <u>\$ 300,000</u> | Type of Financial Report Submitted | <u>Audit</u> |
| Recommended Amt. | <u>\$ 200,000</u> | Period Covered in Financial Report | <u>FYE 6/30/17</u> |
| Board Approved Amt. | | | |
| Audit Firm | <u>Sax LLP</u> | Date of Report Issuance | <u>Draft - complete in June held up by grantee confirm</u> |
| Opinion | <u>Draft Audit TBD</u> | | |
| Basis of Acctg. | <u>GAAP</u> | | |

| | | | |
|--|------|--|--------------|
| Current Ratio (Liquidity Ratio/Working Capital Ratio) | 4.77 | Amount of Unrestricted Net Assets (Operating Reserve) | \$ 4,484,435 |
|--|------|--|--------------|

Note: A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.

| Allocation of Functional Expenses | 6/30/2017 | % | Must Read Financial Statement Notes |
|--|------------------------|-------------|--|
| A. Program Service Expenses | \$ 5,262,500.00 | 68% | Ideally program expenses should be at least 70% of total budget. |
| B. Management and General | \$ 830,734.00 | 11% | |
| C. Fundraising | \$ 1,644,805.00 | 21% | |
| D. Total Expenses | <u>\$ 7,738,039.00</u> | <u>100%</u> | |

Comments/ Notes:

The FY18 budget for Morris County is projecting to a deficit of \$206K, as compared to a deficit of \$243K in FY17. Revenues are projected to decline by \$187K or 9%, primarily in Contributions and Grants. Expenses are projected to decline by \$224K or 9.6% across all line items except General.

UWNNJ had an operating deficit for FY17 of \$809K, as compared to a deficit of \$1.5M in FY16. Contributions declined by \$243K or 23%. Investment income contributed \$460K to UWNNJ's total revenues, versus \$86K in FY16. UWNNJ scaled back distributions to funded partners by \$881K or 40%. Their investments totaled \$2.6M. Approximately 65% of last year's investments were endowment related. Without the audit notes for 2017, I cannot comment on the current fiscal year. All in all, I see no red flags as a result of my review.

WHB: Please refer to email notes dated 4/4/18 which references the status of the 2017 audit and difficulties with J&J Foundation.

APPLICANT: United Way of Northern New Jersey

DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$200,000**
- Hold for Board Review
- Insert Information: **For: General allocation to partner agencies in Morris County only**
- Other:

Initials: 102

Date: 4/6/18

Check #: _____

Date: _____