

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: August 20, 2018

REQUEST DATE: July 23, 2018

Last grant acknowledgement: Yes

Program Area: Human Services

APPLICANT:

Cornerstone Family Programs
80 Washington Street
Morristown, NJ 07960

CONTACT: Ms. Patrice Picard, Executive Director

PHONE: 973-288-9249

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$150,000 **NATURE OF REQUEST:** For general operating support

GRANT HISTORY

LAST GRANT DATE: 9/15/2017 **LAST GRANT AMOUNT:** \$150,000 **AFS DATE:** 4/24/2018

Cornerstone Family Programs

2013	\$90,000	9/23/2013	
2014	\$170,000	9/15/2014	Toward the Morristown Neighborhood House School Aged Child Care Program and Youth Development Program-\$70,000
2015	\$170,000	9/14/2015	Toward the Morristown Neighborhood House Preschool Program and After School Program for Kindergarten through 8th Grade-\$70,000
2016	\$150,000	9/12/2016	Toward the Morristown Neighborhood House Preschool Program and After School Program for Kindergarten through 8th Grade-\$70,000
2017	\$150,000	9/15/2017	Toward the Morristown Neighborhood House Preschool Program and After School Program for Kindergarten through 8th Grade-\$70,000

Morristown Neighborhood House (merged funding in 2014, 2015, 2016 & 2017)

2012	\$70,000	7/31/2012	Toward the School Aged Child Care Program and Youth Development Program
2013	\$100,000	7/31/2013	Toward the School Aged Child Care Program and Youth Development Program - \$70,000; for one-time general operating support - \$30,000

See Site Visit Report attached. KMK endorsement received.

DLK COMMENTS: See financial analysis.

JFT COMMENTS: Our site visit report addressed most topics in the 2018 proposal. We should be reminded that Patrice was a Board member in 1999 (including a 4-year stint as president) prior to becoming CEO in 2007, so she has a long history with this organization. She has her finger on

APPLICANT: Cornerstone Family Programs

the pulse of nationwide activities in her field and our site visit served to assuage my concern that Cornerstone was in distress. The past few visits we have had, including the most recent in 2016, revealed much financial and programmatic uncertainty; it was good to hear of positive future planning and financial stability after some very difficult years since the merger with the Nabe in 2013.

Social media and periodic newsletters provide valuable current news. I believe that the strong Board and dedicated leadership will serve the community well. Hopefully we will like the “new” Cornerstone as well as, if not better than, the old. SDK indicated in 2017 that we would maintain flat funding for 2018; while our funding may remain flat, FY18 projected expenses have decreased approximately 11% over prior year actuals. I recommend the budgeted \$150K but would question if we still need to designate support.

WHB COMMENTS: KMK’s endorsement is truly well crafted. She has managed to summarize in just a few sentences what has amounted to a major sea change. So, with KMK’s endorsement, DLK’s analysis, JFT’s comments, the site visit report, and the request, I’m drinking the Cornerstone Kool Aid.

With this amalgamation of mission and refined program/service offerings, I believe there is no need to continue “splitting” our support between the Nabe and Cornerstone; it is one entity in my opinion. **(JFT: Agreed.)**

SDK COMMENTS: I am sure that the eliminations of some services and the new focus on the Nabe have not been easy decisions for management or the Board. That said, my impression is that they are united and the Board is probably one of the strongest within our Morris County human services docket. Regarding JFT’s budget comment above, given that expenses have dropped by approximately 25% from their peak about five years ago, the full \$150K renewal is based on heavy weight placed on KMK’s endorsement and involvement on the Board and our very long-term partnership with Cornerstone and the Nabe (prior to and subsequent to the merger). Also, the \$150K is down from our peak in 2014 and 2015 of \$170K.

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	Cornerstone Family Programs	Date:	<u>8/6/2018</u>
Prepared By:	DLK		
Grant Request Amt.	<u>\$ 150,000</u>	Type of Financial Report Submitted	<u>Audit</u>
Budgeted Amt.	<u>\$ 150,000</u>	Period Covered in Financial Report	<u>12/31/2017</u>
Recommended Amt.	<u> </u>	Date of Report Issuance	<u>4/24/2018</u>
Audit Firm	<u>Sobel & Co. LLC</u>		
Opinion	<u>Present Fairly</u>		
Basis of Acctg.	<u>GAAP</u>		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	10.56	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 9,095,572
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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	12/31/2017	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 4,407,693	81%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 588,006	11%	
C. Fundraising	\$ 450,109	8%	
D. Total Expenses	<u>\$ 5,445,808</u>	<u>100%</u>	

Comments/ Notes:

The 2018 budget projects a \$50K deficit versus the 2017 surplus of \$35K. It's a bit puzzling why they have budgeted a slight decline in contributed revenue while having the goal of \$2 million by 2020. They cut budgeted foundation grants by \$87K (14%) and only have a \$29K increase in appeals and general fundraising (5%). Expenses are budgeted to decrease by \$591K (12%) due to exiting mental health, addictions and Warren County programs.

FY2017 had an operating surplus of \$11K. Total revenues were flat to 2016 with increases in the value of split-interest agreements and contributions being offset by a decline in United Way income. Expenses were flat year over year. Cornerstone has a \$300K line of credit and there was no balance outstanding as of December 31, 2017. Cornerstone had investments of \$2.4M, of which \$2.1M were endowment related.

Overall, no red flags as a result of my review.

APPLICANT: Cornerstone Family Programs

DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$150,000**
- Hold for Board Review
- Insert Information:
- Other:

Initials: jck Date: 8/20/18

Check #: _____ Date: _____

SITE VISIT REPORT

Report No: 38

Grantee:

Cornerstone Family Programs
62 Elm Street
Morristown, NJ 07960-4189

Program Area: Human Services

Most Recent Grant Amount and Date: \$150,000.00 - 9/15/2017

Primary Contact: Ms. Patrice Picard, Executive Director

Phone: 973-538-5260

Met With: Patrice Picard, Executive Director; Pam DeMassi, Director of Grants & Program Development; and Cheryl Amatelli, Chief Financial Officer

Location: Same as above

Date Visited: August 9, 2018

F. M. Kirby Foundation Representative: William H. Byrnes, Jr., Vice President – Grants; Diana L. Kostas, Treasurer/Secretary; JoAnn F. Tiefau, Program Officer

Site Visit Guide: Matrix Score [Rating Scale from a high of 4 to a low of 1]

	'18	'16
<i>A. Personnel: Turnover, Professional Development and Career Advancement</i>	2.25	2.5
<i>B. Board: Involvement, Development, and Training</i>	3.0	2.5
<i>C. Financial: Net Assets, Fundraising Performance and Capacity</i>	2.5	2.0
<i>D. Strategic Planning, Review and Implementation</i>	2.5	2.0
<i>E. Program Evaluation and Quality Assurance</i>	2.75	2.5
Total:	13.0	11.0
Average Score:	2.6	2.3

Comments: We met in the conference room at the Morristown Neighborhood House, a.k.a. The Nabe, and after greetings and introductions, Patrice proceeded to give us an update on activities over the past two years. While she knew that we were aware of the sale of the Elm Street property and relocation to 80 Washington Street, Patrice provided the rationale for the move.

After analyzing all programs, management determined that behavioral health programs and services could be better performed by other area agencies. According to Patrice, counseling in general had contributed less than 15% of Cornerstone's annual revenue. Patrice was a former president of the Family Service Association of NJ, and served as a member of the National Conference Planning Committee of the Alliance of Strong

Families and Communities (formerly Family Service America). Ultimately the Alliance merged with United Neighborhood Centers of America and is now the Alliance for Strong Families and Communities. The relevance of this information is that Patrice has seen a pattern of the traditional “family service” organization reverting back to the “settlement house” model with a service mission directed toward entire neighborhoods.

Community, Board, staff, and funder focus groups were created to determine that the population served, with a focus on Morristown, would be low-income and/or immigrant children and adults, seniors and caregivers, and veterans. The impact on communities is gauged by educational success, workforce development and teen engagement, a safe social environment for seniors, and the infusion of an underlying “health” focus in all programs. Their priorities are laid out in their 2017-2020 strategic plan. Cornerstone has many close relationships with Morris County human service organizations, including FMKF grantees Zufall and the Interfaith Food Pantry, which contribute to the healthy lifestyle effort.

Cornerstone had to “right-size” the real estate and the Elm Street property was sold to Dobco Construction Group of Wayne NJ in July for \$5M. The proceeds are in a Board designated (for expansion of programs) money market account. Expansion of programs could mean a new building. The Nabe is operating at capacity with no room for growth of programs or expansion of space. The plan is to move all services to one location. Patrice is probing the Town of Morristown regarding a vacant lot on Bishop Nazery Way (off Spring Street) and Coal Avenue (of Martin Luther King Street). We have heard that there are environmental problems with the lot. It is used as an area for excess snow during heavy storms, and there are other nonprofits in the area that have also approached the Town. Regardless, the plan is to hopefully have a new location in 4-5 years.

Between Cornerstone and the Nabe, there are approximately 115 employees (50 full-time). The new location (approximately 3K sq. ft. as opposed to 16K sq. ft.) houses 12 employees (half are part time) who share office space. Staff members have been creative in finding a space for their programs (e.g. Operation Sisterhood is partnering with the County and peer groups).

When asked about adding diversity to such a high profile, fundraising efficient Board, Patrice told us that the Governance Committee will determine how to add more mission-driven, diverse background members. And speaking of diversity, the Nabe is making a concerted effort to bring African Americans back into the programs. Eat Right and Get Fit at the Nabe offered free Zumba classes for 12 weeks and the response was great (65 to 75 attendees!) and Linda Murphy, Director of Community Relations, is tasked with bringing in families who are not currently involved with the Nabe. To that point, she is partnering with Atlantic Health for mammograms for African American women.

We learned that the Corporate Leadership Council meets four times a year, performs valuable networking, financially supports the fundraisers, serves as advisors on the real estate dealings, and the “return on investment” is quite good. The 20-member Junior Board also brings value. With the Board’s guidance, they have created their own set of bylaws. They organized and held a 5K race at Lew Morris Park and raised \$8K. Impressive!

United Way funding was cut in half in 2018 (anticipated \$47.5K) without notice by the UW. The 2018 budget lowballs contributed revenue due to concerns with grant funding. There is a planned project to re-engage past Nabe donors who bore donor fatigue prior to and after the merger and also reach out to Nabe alumni. Patrice clarified that the 500 new donors referenced in the grant request were actually prospects, rather than donors.

Pam gave us a nice synopsis of the evaluation process for the Preschool, Afterschool, Project Safe, STARS, and SMART programs. After attending a Mission Measurement presentation by Jason Saul on measuring social impact, they have personalized and simplified the process with the end goal of all programs of “giving children the best start in life.” Among metrics used are surveys and pre- and post-college testing scores. The Overdeck Foundation was introduced to the Nabe and provided an intern for the summer camp to tutor the children in math and afterschool ambassador for struggling middle school students. The partnership is working out well and Cornerstone is confident that it will continue.

The visit affirmed for us that Cornerstone has changed and continues to change. Their plans for the future are providing services that are community-focused (primarily on Morristown) and determining what those needs are by direct communication with the community. Though they partner with many area organizations, they should probably make a concerted effort to share their plan with their peers. There are way too many negative vibes out there from the “old guard.” At this time, there is no plan for another name change or rebranding.

All-in-all, a good meeting.