

**F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM**

**DATE:** November 19, 2019

**REQUEST DATE:** October 10, 2019

**Last grant acknowledgement:** Yes

**Program Area:** Human Services

**APPLICANT:**

Madison Area YMCA  
Family Center  
111 Kings Road  
Madison, NJ 07940-2122

**CONTACT:** Ms. Diane Mann, President and CEO

**PHONE:** 973-822-9622 x 2249

**PAYEE OTHER THAN ADDRESSEE:**

**AMOUNT REQUESTED:** \$85,000 **NATURE OF REQUEST:** Toward the F.M. Kirby Children’s Center Annual Scholarship Fund

**GRANT HISTORY**

**LAST GRANT DATE:** 12/10/2018 **LAST GRANT AMOUNT:** \$85,000 **AFS DATE:** 5/15/2019

2014	\$85,000	9/15/2014	Toward the F.M. Kirby Children's Center Annual Scholarship Fund
2014	\$350,000	12/15/2014	For: Reserved for Future Decision
2015	\$410,000	12/11/2015	Toward the F.M. Kirby Children's Center Annual Scholarship Fund-\$85,000; for Reserved for Future Decision-\$325,000
2016	\$250,000	12/8/2016	Toward the F.M. Kirby Children's Center Annual Scholarship Fund-\$85,000; for Reserved for Future Decision-\$165,000
2017	\$495,000	12/8/2017	Toward the F.M. Kirby Children's Center Annual Scholarship Fund-\$85,000; toward the Our Community Our Future campaign-\$140,000 in 2017; \$135,000 in 2018; \$135,000 pledged in 2019 for the campaign along with all funds in the RFD account
2018	\$85,000	12/10/2018	Toward the F.M. Kirby Children's Center Annual Scholarship Fund

**DLK COMMENTS:** Would love to see them move to a June request time frame (with September board approval). Financials and budget outdated! Financial analysis attached.

**JFT COMMENTS:** It’s a time of transition at the F.M. Kirby Children’s Center and the Y in general. Long-time director of the Center, Harriet McCarter, moved on to a new position in NC. Since 2012, Harriett took on a “leadership role in first turning around operations at the Kirby Center and then building on that success to make it one of the pre-eminent early childhood education centers in our region...growing enrollment, enhancing quality and opening creative new programs.” She also “emerged as a leading expert on early childhood education in the public policy and education arenas. As such, she has been our Y’s leading voice of early childhood education and advocacy within the YMCA State Alliance as well as across agencies and government in Morris County and statewide.” Harriet was awarded Preschool Advantage’s “Golden Acorn Award For Excellence” earlier this year. She will be a tough act to follow but her departure came at a “fairly opportune time,” per Diane Mann. They were planning to “to rightsize”

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the Center (decrease infant care in the fall [part-time care], combine the afterschool program and some of the Center's programs into one of the facilities, try to decrease rates, eliminate the kindergarten class, etc.) which they were in the process of doing when Harriet notified Diane. Since that time, they have made organizational changes that established a new management structure for the Y, consolidating both the Family Center and the Kirby Center under a new COO and appointing long-time staff member Sharon Kunas to this new position. Sharon has long been a workhorse (for both locations), and we can hope to see positive outcomes as a result of this restructuring. Sharon has already begun working with the finance team to develop annual and multi-year operating budgets to "strengthen their financial and operating results going forward." We know that there is a strong development team at the Y and the restructuring also included the chief development officer role shifting from Sharon to Diane. As such, she will manage more of the direct and ongoing reporting and correspondence with the Foundation. Prior to submission of this request, two of her team members came by the office to introduce themselves. The result of that meeting is a well-done request with enhancements including the chart of Center's participants. Kare Matrisciano, the associate executive director of the Center, who has worked alongside Harriet for the past few years, has assumed the role of interim executive director and will be strongly considered for the position. They are also looking to hire a marketing communications manager for both internal and external communications.

2019 is the second year that the Y has received a \$5K, Make A Splash grant from USA Swimming Foundation. This funding aids the Y in offering services to children who otherwise would not have the opportunity to participate in swimming lessons.

K-2<sup>nd</sup> Grade summer camp was held at the Kirby Center; summer camp for older children was held on the campus of Drew University and included the "use of the eight-lane pool, a large athletic field, Learning Center, Ehinger Center and more."

I've recently learned that the Y is partnering with the Madison School District and will hold two, public preschool classes (15 per class) at the Center for the 2020/2021 school year. This will not have an impact on non-publicly-supported children.

The FMKF 2018 grant represented 17% of FY18 financial assistance for the F.M. Kirby Children's Center. The Center is continually developing new programs and staff and adjusting to change. I heartily recommend continued support to families at the Center in need of financial aid.

**JJK COMMENTS:** Having read the 2017 and 2018 requests from the Madison Area YMCA, I found the 2019 request to be better organized and more easily readable. The chart of Children's Center attendees – not seen in earlier requests – is a nice touch, too.

Thanks to JFT for a very thorough summary of the important organizational re-structuring that has taken place at the Madison Area YMCA over the past twelve months. In addition to the transitions highlighted above, I will note that three new members were added to the Board of Directors.

The leadership here has certainly built up a high-quality early childhood education center, one that would be the envy of many competitors in the area. The participation in Grow NJ Kids, the state quality rating and professional development system, is evidence of an organization committed to continuous improvement. Furthermore, the integration of health services, screenings, parent engagement, and preschool readiness programs are in keeping with best practices, which will hopefully add up to an increase in rating for the Kirby Center.

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That said, I note in the proposal a decrease from 330 full-time equivalent children in 2017-2018 to 277 in 2018-2019, which may correspond with the Children's Center projected 2019 operating deficit of \$100K, identified in SDK's touch. This is rather worrying. (SDK: Yes, agree.)

There are some signs of hope, however. JFT notes the search for a marketing communications manager, who may be able to develop new strategies for marketing to local parents. Additionally, in September 2019, the Kirby Center began offering a new part-day program for infants, which may prove a better match for some families' needs and financial situations.

Furthermore, in 2020, New Jersey will see \$54 million (\$30M from federal government; \$24M from state) invested in the child care subsidy program, which may help the Madison Area YMCA receive more for services rendered to its low-income and ALICE population.

Investing in high-quality early childhood education is one of the most impactful ways to create positive outcomes for children from low-income families. The Madison Area YMCA not only seeks to expand access to children who could otherwise not afford it, but it does this while providing what appears to me to be a "best-in-class" program. Given the cost of living in the Madison area, for some families, having two-earners in the household is simply a must. Madison Area YMCA helps parents re-enter the workforce, while their infant or toddler receives the high-quality care and education that will make him or her ready for preschool and beyond.

Finally, I will note that, while there was some decline in the Kirby Center year-round, full-time students, the attendance for the summer camp was as robust as ever, with 22 children permitted to come off a wait list and provided financial assistance.

I concur with the continued, budgeted support of \$85K.

**SDK COMMENTS:** While no capital campaign request here, I will note that soil contamination caused about a 3-month delay in the groundbreaking and an approximate \$500K increase in the budget. As of 10/23/19, it is full steam ahead. As of 11/11/19, approximately \$2 million in additional fundraising is their goal. As a reminder, our final 2017 pledge payment toward the Our Community Our Future campaign will be made in December.

**FM KIRBY FOUNDATION**  
**Financial Statement Analysis**

<b>Grantee Name:</b>	Madison Area YMCA	<b>Date:</b>	11/6/2019
<b>Prepared By:</b>	DLK		
<b>Grant Request Amt.</b>	\$ 85,000	<b>Type of Financial Report Submitted</b>	Audit
<b>Budgeted Amt.</b>	\$ 85,000	<b>Period Covered in Financial Report</b>	FYE 12/31/18
<b>Recommended Amt.</b>			
<b>Audit Firm</b>	R.A. Fredericks & Company, LLP	<b>Date of Report Issuance</b>	5/15/2019
<b>Opinion</b>	Fair		
<b>Basis of Acctg.</b>	GAAP		

<b>Current Ratio (Liquidity Ratio/Working Capital Ratio)</b>	2.18	<b>Amount of Unrestricted Net Assets (Operating Reserve)</b>	\$ 10,761,355
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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	12/31/2018	%
A. Program Service Expenses	\$ 10,645,897	81%
B. Management and General	\$ 1,882,156	14%
C. Fundraising	\$ 601,224	5%
D. Total Expenses	\$ 13,129,277	100%

**Must Read Financial Statement Notes**

Ideally program expenses should be at least 70% of total budget.

**Comments/ Notes:**

**Budget:** Would like to see them move up their request schedule so the data is more current. I'm reviewing 2019 budget in November! Madison Area YMCA has budgeted to be relatively flat to 2018 with a breakeven budget versus a deficit of \$90K for 2018. Increased dues and fees of \$413K (4%) are offset by a decline in budgeted contributions of \$211K (26%) and reduced assets released from restrictions in 2019. Increased workers compensation costs (\$74K/270%), as well as increased contractual services (\$33K/9%) make up the increased expenses for 2019.

**Audit:** There was a \$2.2M surplus in 2018 (vs \$1.5M) in 2017. Revenues and support were up \$1.1M (8%). The FMKF grant of \$85K for the Kirby Center accounted for 11% of unrestricted contributions. Total contributions were up \$975K (39%) over 2017, with an increase of \$2.4M in temporarily restricted assets for the Family Center Expansion Plan. Expenses were up \$457K (4%) over 2017 with the entire increase occurring in program services. The Y had investments valued at \$6.0M as of December 31, 2018, an increase of \$1.9M over 2017. Endowment assets total \$1.6M.

I see no red flags as a result of my review.

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**DISPOSITION:**

- Rejection
- Hold for review on/about:
- Approval for: **\$85,000**
- Hold for Board Review
- Insert Information: **Toward the F.M. Kirby Children's Center Annual Scholarship Fund**
- Other:

Initials:    *dmj*    Date:    *11/20/19*   

Check #: \_\_\_\_\_ Date: \_\_\_\_\_