

## F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

**DATE:** November 2, 2022

**REQUEST DATE:** October 3, 2022

**Last grant acknowledgment:** 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:** \$125,000 **NATURE OF REQUEST:** For general operating support - \$40,000; toward F.M. Kirby Children's Center - \$85,000

### GRANT HISTORY

**SUPPORT:** 1971 - 2021    **# OF GRANTS:** 50    **TOTAL DOLLARS:** \$4,826,850

**LAST GRANT DATE:** 5/3/2021

**LAST GRANT AMOUNT:** \$245,000

**FYE DATE:** 12/31/2021

**AFS DATE:** 5/11/2022

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 and \$135,000 in 2018 and 2019 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
2019	\$85,000	12/16/2019	Toward the F.M. Kirby Children's Center Annual Scholarship Fund
2020	\$85,000	4/29/2020	
2021	\$245,000	5/3/2021	Toward support of the F.M. Kirby Children's Center-\$95,000; toward the Our Community Our Future campaign-\$150,000

**SDK endorsement received.**

**DLK COMMENTS:** Financial analysis attached.

**JFT COMMENTS:** As a mission-driven charitable organization serving the community since 1873, the Madison Area YMCA is dedicated to nurturing the potential of every child and teen, improving our community's health and well-being, and giving back by providing support to members of our communities. Their operations are based on three core priorities: youth development, healthy living, and social responsibility. The Y offers membership and programs to hundreds of children, families, and adults regardless of their ability to pay and provides direct financial support to children and families to participate in programs and membership.

## **APPLICANT: Madison Area YMCA**

After confronting the harsh challenges of the pandemic, this request highlights the progress made in 2021. Membership had dropped to 5,796 at the end of 2020 but grew to 10,100 in 2021 (79% of pre-Covid levels), and staffing (full and part-time), which had fallen to 179 from 377 in 2021, increased to 312 in 2021 (83% of pre-pandemic staffing). Of course, with increased membership comes increased membership revenue, which is projected to grow by approximately \$800K in FY22. Childcare classroom capacity has also increased with state COVID restrictions easing, and childcare fees revenue is projected to grow by approximately \$673K in FY22. In FY21, 30 students (out of 244-30%) received financial assistance of approximately \$302K. FMKF support provided financial assistance to 12% of F.M. Kirby Children's Center families with the average assistance award being 65% of tuition. Twenty-eight children received financial assistance of \$35.6K for camp in FY21.

Children from the F.M. Kirby Children's Center resumed participation in activities at the Family Center including aquatics, gymnastics, ninja, and performing arts classes. From mid-July through early August (8 weeks), the Madison Area Y partnered with Cornerstone Family Programs and Morristown Neighborhood House to provide its preschoolers with the Y's Safety Around Water program (Preschool Splash Weeks). In fall 2021, The F.M. Kirby Children's Center's "preschool classrooms participated in Splash Week. About 70 students, 3 and 4 years of age, learned essential water safety skills." I wondered why only 1 Splash Week for the Center. Per Melissa DeSalvo (Development Director), "the intent of the Splash Week programs was slightly different, mostly because of the children's schedules, bussing schedules, and time we had available in the pools. This also included instructor availability. So, the Aquatics team altered the curriculums based on the above factors. What is also of note is that many of our Kirby students had ongoing swim lessons and water safety, whereas the Neighborhood House kids did not. So, the extended program for Neighborhood House children was reflective of the needs and relatively less exposure as compared to Kirby children."

The Y held a successful summer camp at the Drew University campus, with over 350 children attending in FY21. By the end of August this year, a total of 519 children attended camp.

Great to read of the resumption of the after-school program for children in kindergarten through grade five, based in the Y's After School Zone at the Family Center. The program serves to "expand students' curriculum beyond the classroom with technology, art, science, and health and fitness activities. Children are assisted with homework and then engaged in physical activities and/or STEM electives. In 2021, 72 children were enrolled in the after-school program, with eight receiving financial assistance."

The request notes how the Y continues to offer hybrid options for its members: "Responding to continued demand for remote fitness options, the Y continued offering virtual programming to members in 2021. The virtual Y Wellness 24/7 platform provides members the option to attend group exercise classes remotely and at their convenience. An average of 80 virtual class participants per month participate in their live and pre-recorded on-demand classes." It's good to see that some struggles during the pandemic resulted in creative changes and that the Y continues to provide impressive virtual programming.

The proposal highlights the \$20M, 28,865-square-foot-expansion of the Family Center. I'm sure we all remember fondly our September visit to the facility and SDK's comments at the Walker D. Kirby Aquatics Center.

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The expansion allows for hundreds of children and teens to engage in competitive and instructional aquatics and sports (the Y's Mariners and Madison High School swim teams both are now headquartered at the Y's pool). "The Y now regularly hosts regional swim meets and basketball tournaments. The project also allows the YMCA to expand programs for older adults and those living with chronic diseases such as cancer and diabetes. Programs for children and adults with special needs are also expanding as pandemic restrictions ease and we continue to engage new staff and volunteers to lead these programs."

Capital improvements were made at the F.M. Kirby Children's Center, including improvements to the surveillance system, wi-fi system, boilers, playground field drainage, and installation of a new multi-age play structure. There are plans to continue to improve the center: "Over the next year, there are plans to replace classroom tile floors, install new classroom cabinets, repaint the brick facade, and improve landscaping."

Despite the projected increase in operating revenue, fiscal and staffing challenges remain relevant (though the Y was awarded a "Top Workplaces 2022" honor by NJ.com's Top Workplaces based on feedback offered by 137 staff through an employee survey). The proposal notes community challenges, including the struggles of the growing ALICE (Asset Limited, Income Constrained, Employed) population and the Y's intention to expand outreach to the ALICE population to assure they have access to programs, membership, and services. The emotional impacts of the pandemic are also mentioned: "Social isolation, school disruption, and job insecurity of the pandemic have had lasting impacts on our community. Building on our expertise in youth development and wellness for all, we are focusing efforts on assuring that we more fully attend to the emotional needs of all our participants. Our Project Community Pride youth counseling program continues to serve dozens of children and teens and provides additional expertise as management and staff work to better meet the emotional needs of people across our community."

Six members transitioned off the dynamic Board and 5 new members were added, including SDK who also serves on the Audit, Finance, and Strategic Planning Committees. SDK's enthusiastic endorsement of this request also expressed some disappointment that "it did not provide the details of how they covered the full, nearly \$20mm, expansion, that included \$3.9mm in debt, \$5mm from either operational reserves, a sale of a property, or quasi-endowment, and \$10.8mm in donations raised and that it never once directly mentions the named 'Walker D. Kirby Aquatics Center.' That would seem like a no-brainer in terms of making the connection with us as partners. It never mentions my engagement there (I am on the Board list). That also, seems like a no-brainer, as most of our grantees do when applicable, so as to make the connection."

The Madison Area Y is a great asset to Madison and surrounding communities. I recommend continued support at the budgeted \$125K as designated below.

**JJK COMMENTS:** The omissions by Madison regarding the Aquatics Center are surprising, and I note that there is no specific mention of the Foundation's exceptional giving in 2021 of \$245K.

I did find this, otherwise, to be a robust and well-written request, providing plenty of data about membership and financial needs while also painting a compelling narrative of resilience and recovery after a difficult several years. While we know that Covid and other respiratory illnesses are not completely behind us, there is profound relief in reading about summer camp returning, community members coming together for pickleball or basketball games, the swim team having

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home “pool” advantage for the first time in the new Walker D. Kirby Aquatics Center, and the F. M. Kirby Family Center back to operating at full swing.

I was a bit taken aback by how low the endowment has fallen. In 2018, the endowment stood at \$1.6M; in 2021, \$191K. The proposal notes that among the “challenges ahead” is the need to “build a long-term endowment after spending down donated funds and savings on our Family Center expansion.” While the support from the endowment was obviously for a good cause and one that should ultimately help the Y’s sustainability, we should certainly keep an eye on this level.

With consideration to both the conversation JFT had with Diane Mann in March when she hoped for more assistance towards the Family Center itself and SDK’s endorsement, I recommend the targeted \$125K, with \$85K toward support of the F. M. Kirby Children’s Center and \$40K toward financial assistance for families at the Family Center.

# APPLICANT: Madison Area YMCA

## FM KIRBY FOUNDATION Financial Statement Analysis

<b>Grantee Name:</b>	Madison Area YMCA	<b>Date:</b>	<u>10/5/2022</u>
<b>Prepared By:</b>	DLK		
<b>Grant Request Amt.</b>	\$ 125,000	<b>Type of Financial Report Submitted</b>	<u>Audit</u>
<b>Budgeted Amt.</b>	\$ 125,000	<b>Period Covered in Financial Report</b>	<u>12/31/2021</u>
<b>Audit Firm</b>	<u>R.A. Fredericks &amp; Company, LLP</u>	<b>Date of Report Issuance</b>	<u>5/11/2022</u>
<b>Opinion</b>	<u>Fair</u>		
<b>Basis of Acctg.</b>	<u>GAAP</u>		

**Current Ratio (Liquidity Ratio/Working Capital Ratio)**

1.34

**Amount of Unrestricted Net Assets (Operating Reserve)**

**\$ 21,751,542**

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 off its obligations. A ratio below 1 indicates that an organization's liabilities are greater than its assets.

Allocation of Functional Expenses	12/31/2021	%	MUST READ Financial Statement Notes
A. Program Service Expenses	\$ 8,461,807	82%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 1,322,569	13%	
C. Fundraising	\$ 580,951	6%	
D. Total Expenses	\$ 10,365,327	100%	

### Comments/ Notes:

**2022 Budget:** Madison Area YMCA has budgeted to break even for 2022 vs a \$1.5M surplus for 2021. Total revenue is projected relatively flat, up \$90K (1%). Earned revenue (operations) is budgeted to grow by \$2.6M (30%), while other revenue is down \$2.5M (285%) due to no PPP or Employee Retention credits. Total expenses are budgeted to increase by \$1.6M (16%), primarily in salaries/benefits. Per the Family Center expansion project budget, the "final" revised cost was \$19.7M, with all but \$500K expended as of August 31, 2022. It was noted that funds raised from donors (including pledges) were \$10.9M, netting \$9.8M after fundraising and project expenses.

**2021 Audit:** There was a \$2.9M surplus in 2021 vs \$2.2M in 2020. Revenues and support grew \$1.7M (14%). Program revenues were up \$2.0M (54%) and combined PPP/Employee Retention Tax credits were up \$816K (50%), while contributions and membership dues were down \$599K (23%) and \$432K (16%), respectively. The audit noted that membership increased in 2021 to 79% of pre-COVID levels while childcare classroom capacity increased as state restrictions were eased. The FMKF grant of \$245K for the Madison Y (with \$85K to Kirby Center and \$150K to the Our Community Our Future campaign accounted for 12% of contributions. Total expenses grew \$983K (10%) from 2020 with program services up \$554K (7%) and supporting services up \$429K (29%). The Y had investments valued at \$289K as of December 31, 2021, of which \$191K was endowment-related. The YMCA completed its Family Center expansion in September 2021 (adding a new eight-lane pool, a 9K square foot gym and a new fitness and training center. The YMCA converted its construction loan to a permanent loan in the amount of \$3.9M with a fixed interest rate of 3.375% with a maturation date of October 31, 2031. In addition, the YMCA has a \$1M operating line of credit with no borrowing outstanding as of December 31, 2021. There were no red flags as a result of my review.

**APPLICANT: Madison Area YMCA**

**DISPOSITION:**

- Declination
- Hold for review on/about:
- Approval for: **\$125,000**
- Hold for Board Review
- Insert Information: **Toward support of the F. M. Kirby Children's Center-\$85,000; toward financial assistance for families at the Family Center-\$40,000**
- Other:

Initials: JKR Date: 11/15/22  
Check #: \_\_\_\_\_ Date: \_\_\_\_\_