

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: August 4, 2023

REQUEST DATE: July 24, 2023

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

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$225,000.00 **NATURE OF REQUEST:** Support of the F. M. Kirby Children’s Center classroom expansion project - \$100,000; Support of F. M. Kirby Children’s Center operations - \$85,000; Support of Family Center operations - \$40,000

GRANT HISTORY

SUPPORT: 1971-2022

OF APPROVED GRANTS: 51 **TOTAL DOLLARS:**\$4,951,850.00

LAST GRANT DATE: 12/12/2022 **LAST GRANT AMOUNT:** \$125,000

FYE DATE: 12/31 **AFS DATE:** 04/27/2023

Year Approved	Approved Amount	Approval Date	Notes
2022	\$125,000.00	12/12/2022	Toward support of the F. M. Kirby Children’s Center-\$85,000; toward financial assistance for families at the Family Center-\$40,000
2021	\$245,000.00	05/03/2021	Toward support of the F.M. Kirby Children's Center-\$95,000; toward the Our Community Our Future campaign-\$150,000
2020	\$85,000.00	04/29/2020	General Operating Support
2019	\$85,000.00	12/16/2019	Toward the F.M. Kirby Children's Center Annual Scholarship Fund

DLK COMMENTS: See financial analysis.

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LDC COMMENTS: While this is my first time reviewing the Madison Area YMCA (“MYMCA”) application, it is far from my first encounter with this chapter of the YMCA and I can personally attest that the MYMCA is a cornerstone of recreational and social programming in the greater Morristown area and a model of the role that a YMCA can play in a community. The MYMCA is a place where members of a community of all ages, abilities, and backgrounds can access recreation, childcare, and fitness in high-quality facilities. The 2023 report notes that they are now back to “normal” operations and lists the following metrics and growth over the previous year:

	2021-22	2022-23
Membership	10,100	12,266
Staff (PT and FT)	312	347
Summer Camp Attendees	519	1,700
After School Attendees	72	65

The notable increase in campers is due to the addition of one camp site in 2023 (they now have three in total). Additionally, the report mentions that the expansion of the swimming pool at the Walker D. Kirby Aquatics Center has led to a 44% growth rate for swimming lessons. The MYMCA is now serving 650 participants, compared to 450 before the expansion!

In my personal dealings with MYMCA I was not aware of the amount of financial assistance that the MYMCA provides for its various programs. The MYMCA offers memberships and programs to children and families “regardless of their ability to pay” and provides direct financial support for their preschool and afterschool programs. In 2022, MYMCA provided over \$295K in support of 226 individuals. In his endorsement, SDK also notes that “the total community benefit figure (discounted membership pricing, employee discounts, mental health initiatives, public use of the facilities by non-profits for free, blood drives, etc.) comes to over \$1.5M per year.” I do note that the [website](#) states that in 2019, “over \$550K of financial assistance was awarded” and I am curious about the explanation for this disparity since they are back to operating at full capacity (some of it may be explained by the NJ Preschool Expansion mentioned below).

F. M Kirby Children’s Center Expansion

Over the years, the F. M. Kirby Foundation has supported various campaigns and programs at the Madison Area YMCA, but the F. M. Kirby Children’s Center holds a special place in the Foundation’s history. In 1992, we provided a \$1.125M grant to the MYMCA for the renovation and renaming of the Children’s Center and, since then, we have provided funds for several capital improvements to the Center along with consistent funding for the Center’s Annual Scholarship Fund. Thus, it is fitting that we would provide funding for the classroom expansion project.

While the application does not provide much detail about the plans and budget for the expansion, JFT conducted a conversation with Diane Mann and Melissa DeSalvo prior to the application that set forth a much more comprehensive idea of what the project will consist of. The Children’s Center is currently at capacity and has a waitlist, so they would like to increase their capacity by

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1.5 classrooms which will accommodate twelve more infants and up to six more children (currently they can serve 230 children). This expansion is expected to cost approximately \$800K in total, and MYMCA is expecting the “green light” from the town for construction in August. MYMCA is hopeful that they will receive a grant from the NJ Economic Development Authority which will cover approximately half of the construction costs. JFT also mentioned in her meeting notes that “the Y will not take on any debt for the project and that they intend to fundraise and use their capital maintenance fund.”

SDK serves on the Board and on the Audit, Finance, and Strategic Planning Committees and was able to confirm that the renovation is warranted, the plans are very reasonable, and “the request size is ‘respectful.’” With this in mind, I recommend the requested \$100K towards the Classroom Expansion Project.

F. M. Kirby Children’s Center Operations

In years past we have consistently provided a grant for the annual scholarship fund for the Children’s Center. This has been an excellent investment in our community as affordable preschool is essential to allow parents to stay in the workforce while their children are given a “leg up” through enriching recreational and educational lesson plans. The report states that the cost per child for the school year ranges from \$21K-\$26K which is simply not affordable for many families (not just low-income) in this area. In years past the Center has offered approximately 12% of their students enough financial assistance to cover an average of 65% of tuition. However, with MYMCA now operating four NJ Preschool Expansion (PreX) classrooms, they are in less need of individual financial aid. The NJ PreX program essentially ensures that families from the Morris School District can attend Pre-K for free, thus their tuition is paid for by local and state education funds and they are not in need of a scholarship (though the report mentions that many are from low-income homes). This shift explains the fact that the average of the financial aid packages has gone down by 20% in this year’s application and why the request for funding is expanded to cover general operating support at the Children’s Center *along with* the scholarship fund. As the school expands, staffing increases, and the Center strives to continue to provide transportation to its students, the additional GOS funds will be very much appreciated and go to good use.

I recommend the requested \$85K to provide financial assistance and program support to Kirby Center families.

Family Center Operations

The newly expanded Family Center is the headquarters of the Madison YMCA and includes the aquatic center, a fitness center, a teen center, and other facilities. This is where members go for after-school programs, health and fitness facilities, and socialization and convening. This past year was the first full year that the Center has been opened since its recent expansion and member utilization is high. The request is for \$40K towards “program support at the Family Center and to help us manage escalating employee expenses” and the narrative notes that the cost of retaining staff is increasing in the current workforce environment. Last year MYMCA requested \$40K for “general operations and to help us manage labor and market pressures and escalating employee

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expenses.” Despite the change in language, it appears that this year’s request could still be more accurately labeled “GOS” for the Family Center.

I note that last year, despite the GOS request, we chose to designate our funding to financial assistance for families at the Family Center based on SDK’s endorsement, so I inquired about his thoughts regarding the designation this year and received the following response:

“I would rather make it clear our interest is for them to focus on financial aid with FMKF dollars at both the Children's and Family Centers. I realize it is all a bit commingled with g.o.s. , but just symbolic of encouragement to do all they can for financial assistance.”

Therefore, I would recommend that we designate the \$40K toward “financial assistance for families at the Family Center and program support” (feel free to modify this language).

The Board lost two members and gained three. With SDK’s strong endorsement and in celebration of the 150-year anniversary of the Madison Area YMCA, I recommend a \$225K grant with the designations as delineated above.

JJK COMMENTS: Kudos to LDC for a thorough evaluation and clearly delineating the three areas of support.

I am concerned to see the endowment dip lower this year, again, to \$167K. Granted, it was a major help during the facility expansion and did its purpose, but I wonder what Madison Y’s plan is to build it up.

What a positive trajectory this year’s proposal and report suggest. The growth across the board is really impressive – a testament, of course, to a strong leader but also to a staff and community very invested in its Y. I also think the expansion of the Children’s Center is an excellent move to build up steady earned revenue for the MSD families. That said, I do wonder, if Madison School District (MSD) were to eventually move preschool classrooms to be within the border of the district, would the Children’s Center still be able to fill these classrooms. In other words, I am curious just how long-term the MSD contract is. Will send a note to Diane and copy LDC.

Sociologists have lamented the loss of “third places” in American life. These are the “neutral” social clubs, bowling leagues, cafes, diners, parks, and barrooms where earlier generations would gather for conversation and connection. The theory goes that, as Americans lives atomized and commutes grew longer and the ability to have a place to linger diminished, Americans had fewer of these spaces, fraying social bonds.

Enter the Y. Really, any Y, but perhaps especially the Madison Y. It’s a place where an individual seeks to become stronger in body, mind, and spirit – in other words, self-reliant – by setting goals, striving to achieve them day in and day out. It’s a place where young children are educated on how to take care of themselves, how to gain the skills that will enable them to one day take care of others too.

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But the Y is a vision of *community*, a place where gym members catch up every morning while lifting barbells and gliding on ellipticals. Where parents will leave their newborns – the most precious thing in their lives – with a caregiver. Where kids learn to trust, cooperate, and share. Where friendships are made over pickleball. OK let's be honest, probably some fights and disagreements too – but that's part of being in a community! Where accomplishments are celebrated together.

I support our support for this Y because I believe places like this are sadly more rare in American society, and I wish to see them become stronger and more central to the lives of our neighbors.

I recommend a grant in the amount of \$225K, as designated below. I adjusted this language based upon SDK's email of 8/3/23.

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FM KIRBY FOUNDATION			
Financial Statement Analysis			
Grantee Name:	Madison Area YMCA	Date:	7/31/2023
Prepared By:	DLK		
Grant Request Amt.	\$ 225,000	Type of Financial Report Submitted	Audit
Budgeted Amt.	\$ 225,500	Period Covered in Financial Report	12/31/2022
[Commit to \$225K with \$175K payable in 2023/\$50K in 2024]			
Audit Firm	R.A. Fredericks & Company, LLP	Date of Report Issuance	4/27/2023
Opinion	Fair		
Basis of Acctg.	GAAP		
Current Ratio (Liquidity Ratio/Working Capital Ratio)	2.10	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 23,161,767
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	12/31/2022	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 11,328,538	85%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 1,641,426	12%	
C. Fundraising	\$ 410,341	3%	
D. Total Expenses	\$ 13,380,305	100%	
Comments/ Notes:			
<p>2023 Budget: Madison Area YMCA has budgeted to break even budget for 2023 vs a \$1.5M surplus for 2022. Total revenue is projected to grow \$866K (6%). Most revenue lines are budgeted to grow, with the exception of contributions and special events which are down \$295K (28%) and \$15K (9%), respectively. Total expenses are budgeted to increase by \$2.3M (19%), primarily in salaries/benefits. The Family Center accounts for 66% of the total 2023 expense budget and the Kirby Center for 33%. The FMKF budgeted outlay for 2023 of \$175K (\$50K pledge/\$85K Kirby Center/\$40K finl assistance) accounts for 23% of the YMCA's contributions budget.</p> <p>2022 Audit: There was a \$743.1K surplus in 2022 versus a surplus of \$2.9M in 2021. Revenues and support grew \$860K (6%). Program revenues were up \$2.3M (39%). The increase in membership dues of \$1.5M (64%) was offset by decreased contributions of \$755K (38%) and no PPP/Employee Retention Tax credits in 2022 (acctd for \$2.4M in revenues in 2021). The FMKF grant of \$125K for the Madison Y (with \$85K to Kirby Center and \$40K towards financial assistance for families at the Family Center) accounted for 10% of contributions. 230 recipients were awarded financial assistance totaling \$296K in 2022. Total expenses grew \$3.0M (29%), primarily in Program Services. The Y had investments valued at \$230.6K as of December 31, 2022, of which \$162.7K were endowment-related. The YMCA was in compliance with its financial covenants relating to the mortgage for the Family Center Expansion project. The YMCA has a \$1M operating line of credit with no borrowing outstanding as of December 31, 2022. There were no red flags as a result of my review.</p>			

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$225,000**
- Hold for Board Review
- Insert Information: **Enclosed herewith is \$85,000 for financial assistance and program support for the Children’s Center and \$40,000 for financial assistance for families at the Family Center. Also enclosed is \$50,000 in support of the F. M. Kirby Children’s Center classroom expansion project, and we hereby pledge \$50,000 for like use in 2024.**
- Other:

Initials: JJK

Date: 8/17/2023

Check #

Date: