

**COMMITTEE:** GSHNJ Finance Committee

**DATE:** June 29, 2020

**TIME:** 7PM

**LOCATION:** Zoom

**CHAIR:** Emil Menzies

**SECRETARY:** Tara Faquir

**PURPOSE OF MEETING:** The Finance Committee has been established by the Board of Directors of Girl Scouts Heart of New Jersey (the “Board”) to assist the Board in discharging and performing the duties and responsibilities of the Board with respect to the financial affairs of Girl Scouts Heart of New Jersey (the “Corporation” or the “Council”). In assisting the Board in fulfilling its fiduciary responsibilities related to ensuring that accumulated assets and current income are managed properly.

**INVITEES / ATTENDEES:**

Name	Present
Asia J. Norton	In person / phone / absent / excused / Zoom
Barbara Kocis	In person / phone / absent / excused / Zoom
Emil Menzies	In person / phone / absent / excused / Zoom
Mahlet Woldermariam	In person / phone / absent / excused / Zoom
Mike Manley	In person / phone / absent / excused / Zoom
Princess Palmer	In person / phone / absent / excused / Zoom
Shana Dadlaney	In person / phone / absent / excused / Zoom
Shelly Masi	In person / phone / absent / excused / Zoom
Tara Faquir	In person / phone / absent / excused / Zoom
Dianna Beck-Clemens, Ex- Officio	In person / phone / absent / excused / Zoom
Lori Grier, Ex-Officio	In person / phone / absent / excused / Zoom
Natasha Hemmings, Staff Ex-Officio	In person / phone / absent / excused / Zoom
Michael Forrestall, Staff Ex-Officio	In person / phone / absent / excused / Zoom

**Next Meeting:** July 27 at 7PM

## **Housekeeping: (MIKE F)**

Next Monday, July 6 – Finance Committee Charter task force meeting follow-up @ 6:30pm

### **EIDL Update:**

Applied for \$225K loan several months ago. Received notification from SBA for funding of \$150K, repayable over 30 yr period; APR 2.75%; monthly debt service at \$641. This program's intention was to spread the funding across as many organizations as possible. Mike found an appeal process that they are considering, in order to capture the additional \$75K needed to help sustain operations into 2021.

### **Q&A**

PP- Are PPE monies separate from EIDL?

MF- Yes, different. Cannot use the PPE and EIDL monies for the same use. PPE guidelines suggest strictly payroll while EIDL covers operations (no capital)

## **MAY 2020 Financials (MIKE F)**

### **Balance Sheet**

\$1.58 M in cash/cash equivalents

Principal drivers on increase in cash from beginning of year: cookie proceeds and camp pre-payments. Camp registrations funneled in strongly until COVID struck. In April, \$800K deferred revenue for camp, now at \$300K due to camp cancellation. Refunds for Summer campers are starting to rollout. At this point, \$300K still needs to be refunded.

Created a survey online for customer preference; 1. Full refund 2. Rollover money to camp in 2021. 3. Donation to GSHNJ 4. Rollover to 2021 membership. Majority of people prefer full refund.

Highlight change to balance sheet- Increase of \$535K due to PPE loan. Loan is largely forgivable and should be taken off the books as loan. PPE is NOT taxable and should hit the books as some form of revenue.

To date, GSHNJ has run 2 payroll cycles through PPE. Using for Payroll and Benefits: health, vision and dental. Have the right to use up to 40% towards infrastructure costs. GSHNJ will use 75%-80% for strictly payroll.

### **Income Statement**

Rev of 4.21M, about \$333k behind LY- mainly from cookie program. Estimating about 20K boxes of cookies that GSHNJ is unable to move. Likely, will not beat LY cookie revenue and come in about \$50K short.

Credit of \$13K from Little Brownie due to GSHNJ.

Cookie relief fund should equate to about \$12K in revenue.

Overall, bottom line should improve about \$25K. Originally trending increase vs LY.

Additional revenue shortfalls: Retail, Rentals and Program revenue have been greatly impacted by COVID, therefore not producing revenue to meet plan.

Camp Revenue plan:

NH- As restrictions are being lifted, will be opening rentals to families in order to add revenue stream to Summer income.

MF- Trying to recreate a Summer long family camp, similar to what Hoover does at the end of traditional Summer camp. While won't replace camp income, it will help.

## **Q&A**

LG- Did we stop producing monthly reports?

MF- Last few times we have done this has been YTD reports and seems to be helpful.

LG- Monthly might be helpful to new folks and as a YE review. Monthly adds another level of information for people to understand.

MF- Will include the monthly reports back into future meetings/FC packages.

## **Total Expenses**

3.83M , \$313K higher than LY, but better against TY plan. Net operating cost is \$380K, \$325 lower than LY and under plan. Ability to shed expense is positive but not enough to make up for loss in revenue. Things will likely deteriorate from here due to the \$ 1 million dollar hit from camp revenue.

## **Q&A**

BK- Temporary staff currently working in which areas?

MF- Finance group is the only department with temp staff. No other seasonal or temp staff considered from here forward.

AN- How much would it cost for camps to open up for family camp?

MF- Depends on who would be coming in. Staffing cost is minimal, only additional staff needed would be waterfront (Hoover) and archery. Staff costs are covered in rental prices. Social distancing will affect how many cabins/tents can be rented. Hoping to generate thousands of dollars of revenue. Camp staff currently working on virtual camp options and pricing structure for family camp.

EM- Can Mike speak to temporary staff lines in financials.

MF- Prior in the year, GSHNJ had temp staff running in product dept and customer care.

PP- Mentioned about \$1M shortfall due to camp cancellation. Any idea of what the fixed costs will be since not hosting Summer camp?

MF- Total revenue vs total cost, revenue is about \$1M and costs are about \$500K. Cancelling camp really hurts GSHNJ. No revenue will be expected until Fall product sales.

## **CASH FLOW**

See chart in slide 6 of finance packet for cash flow analysis/scenarios.

Contingencies = Where does this year deviate from where we have been in the past

At YE, will be left with approx.. \$3.1 M in cash (investments and Montclair proceeds)

Anticipating large hit against council service fee in beginning of Year due to possible drop in membership. Modeled in lower participation rate in 2020 Fall Product Program (FPP) as well as overall membership numbers. On the radar- resurgence of COVID in the Fall.

Assumptions going forward- 20% decrease in cookie program due to less girls participating as members.

TF- What is GSUSA doing to support councils?

MF- GSUSA is giving advice to councils and they are hands on with 5 councils that are hemorrhaging due to those councils not having started the sale yet.

NH- GSHNJ opted in to all GSUSA help offered.

MF- Come November GSHNJ needs to decide if A. Self fund or B. Secure a loan to bridge fund until cookie program. Need to create a line to the EOY to get back into the positive. Peapack Gladstone willing to work with GSHNJ on loan options.

MM- Unsecured or secured loan (LOC)?

MF- Secured, however would prefer self-fund but have a LOC as a back-pocket option.

NH- December of last year created a 9-month future looking plan for payroll and operating expenses, those plans changed due to COVID. What GSHNJ learned through that exercise in December was that the majority of councils have a LOC. LOC details would be brought forth to the committee for consideration.

MM- Cash flow analysis is excellent and very helpful

BK- LOC is great to have and truly use to bridge fund between FPP and Cookie. This is a great time to go for a loan because we have the assets due to Montclair proceeds. Are we taking a deeper dive into the use of Montclair proceeds?

NH- Will open for discussions to figure out how to use those proceeds.

EM- How much is in the Montclair proceeds and what are we proposing for the rest?

MF- 2 things: 1. Get the ball moving on the line of credit. 2. Use the proceeds for bridge financing to get us into year 2021.

EM- Have we evaluated staff reduction?

MF- If we aggressively reduce staff we will hurt ourselves in the long run because we will need to recruit members back and need all hands on deck.

EM- Has GSHNJ considered staff reduced hours in order to cut expenses?

NH- Meeting on Wednesday with management team to discuss reduction in hours, furlough, pay reductions and layoffs. Looking at all scenarios.

BK- Try to think about the “new normal”- what will be the compelling reasons girls come back to scouting in what could be a semi-quarantined, virtual world. Who are your creative thinkers on your team who can think about the new normal- how does GSHNJ think differently and create a compelling reason for the continuation of scouting.

MF- Trying to find the opportunity in this pandemic in order to create interesting and compelling opportunities for girls.

NH- When thinking about virtual programming, we also are thinking about the pricing structure as well as girls in hard hit areas and low income areas that do not have access to the technology needed to engage in virtual programming.

EM- What is the timeframe needed for management team to come back with a plan? When is the next meeting?

NH- Highlight importance of July 13<sup>th</sup> Board meeting to have full conversations and make decisions regarding steps forward.

EM- Still need concrete recommendation regarding move forward. Ideas shared today but no formal recommendations were made by Natasha/Mike/Management team.

NH- Would like to put language around LOC needs and bridge funding using Montclair needs. The BOD July 13<sup>th</sup> meeting would be the first pass at the budget.

DBK- We can have the board vote electronically so that we do not have to wait until September.

EM-Let’s go ahead with LOC and pay back the \$350k from the Montclair proceeds take to the board on the 13<sup>th</sup>.

MM- What is the amount of the LOC needed?

MF – Will analyze and provide an answer at our next meeting.

EM- Clear recommendations are: Go forth with considering the LOC, need more details to bring to the board, ie; how much, terms, etc? Additionally, let’s move forward with paying back the \$350K to the investment account from the Montclair proceeds.

EM- MF to send recap of the two (2) recommendations (motions) for the BOD’s consideration.

Meeting adjourned at 8:38pm