

**GIRL SCOUTS HEART OF NEW JERSEY
FINANCE COMMITTEE MEETING MINUTES**

COMMITTEE: Finance Committee
DATE: November 23, 2020

Attendees:

Name	via Zoom call
Asia J. Norton	Absent
Barbara Kocis	Absent
Emil Menzies, Chair	Present
Mahlet Woldermariam	Absent
Mike Manley	Present
Princess Palmer	Absent
Shana Dadlaney	Present
Shelly Masi	Absent
Tara Faquir	Absent
Dianna Beck-Clemens, Ex-Officio	Present
Lori Grier	Present
Natasha Hemmings, CEO, Ex-Officio	Present
Michael Forrestall, COO	Present

The meeting started at 7:07pm.

Next Meeting: January 25, 2021 at 7pm – Joint Finance and Audit Committee Meeting

1) September 2020 Financial Results

- The meeting began with an overview of the Statement of Financial Position as of 9/30/2020. Total Assets increased by \$512K compared to the start of fiscal year 2020. The increase was due to a number of changes in various assets accounts. The largest variance being the increase in Cash & Cash Equivalents as a result of the sale of the Montclair Service Center which was partially offset by a reduction in Property & Equipment due to the sale of that property.
- Total Liabilities increased by \$616K mainly as a result of the \$675K notes payable for the Paycheck Protection Program loan of \$525K and Economic Injury Disaster Loan of \$150K.
- Investments has recovered from the reduction in value noted earlier in Q2 FY2020. The decrease compared to the start of FY2020 is the net effect of a previous draw-down of \$325K of operating cash during Q1 FY2020 which has been partially offset by an increase in portfolio value.
- The PPP loan forgiveness application will be reviewed by the current, new auditors (at no additional cost to GSHNJ) and submitted to the lender in December. The loan is expected to be fully forgiven.
- An overview of the Statement of Revenue & Expenditures followed for the month of September and for the fiscal year ended 9/30/2020. It was explained that Salaries & Related Expenses for the month of September 2020 decreased compared to

September 2019 because of significant Paid Time Off taken in September. This resulted in a reversal of the PTO accrual in September 2020.

- Based upon recommendation from GSUSA Finance, girl incentives payments are included in program expense, as not done in the past, instead of netting directly from Gross Revenue, to avoid jeopardizing the tax position of the council.
- A net loss of \$104K was realized for fiscal year ended 9/30/2020 which is \$992K better when compare to the \$1.1M loss for the prior year. The improvement is mainly due to the \$1.1M gain on the sale of the Montclair Service Center.
- The forgiveness of the PPP loan will change the bottom line from -\$104K to an increase in net assets of \$471K.
- Operating Revenue decreased by \$1.37M mainly because of the pandemic-related cancellation of camp. Camp revenue accounted for \$957K of the reduction in operating revenue. It was noted that some income from ‘Special Event Contributions’ may have been miss-classified as ‘Individual & Online Donations’. This will be reviewed and adjusted, however the bottom line will not be affected by the adjustment.
- Operating Expenses decreased by \$1.13M. A reduction in Salaries and Related Expenses, Program Expenses, Facilities & Occupancy Costs and Travel & Transportation Costs all contributed to the decrease in operating expenses.
- Overall, actual performance deferred from budget mainly due to the effects of the pandemic on camp. Cookie sales did well despite the pandemic because of the timing of the cookie sales majority of which occurred prior to the brunt of the pandemic. Additional inventory were sold during the pandemic as a result of the cookie relief program. Favorable contracts for energy savings along with a mild winter contributed to lower Facility & Occupancy Costs and Travel and Transportation Costs are down due to staff working virtually and the cancellation of camp resulted in no bus contracts for transportation to camp.

2) Line of Credit Update

- The board was concerned that the proposed interest rate on the Line of Credit to be held with Peapack Gladstone Bank is very high. It would be an asset-backed loan. Discussions will be held with Merrill Lynch/BOA, M&T Bank and others to determine if a more favorable rate can be attained. The outcome of the discussions will be communicated to the finance committee electronically sometime in December and discussed at the next finance committee meeting in January 2021.

3) Audit Status

- HFA is the new auditor
- Audit fieldwork has begun. Requested documents have been uploaded to the portal
- Draft of report for management review is expected 12/11/20
- Issuance of Audited Financial Statements planned for 12/23/20
- Joint Finance and Audit Committee meeting scheduled for 1/25/2021 @ 7PM

4) Open Forum

- It was suggested that the January 25, 2021 meeting include a discussion of the financial statements for Q1 FY2021. Given that the audited financial statements are expected earlier this year, it was recommended that the first 30 minutes of the

meeting be allocated to a joint overview of the audited financials with the audit committee and then proceed to discuss first quarter financials for FY2021 with the finance committee.

The Finance Committee meeting ended at 7:53p.m.

Minutes/Notes: Shana Dadlaney