

## **MEMORANDUM**

To: Mike McCorristin, Executive Vice President  
From: Anna Kuechler, YPTC  
Date: March 15, 2022

Subject: Communities In Schools of Eastern PA February 2022 Financial Statements

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Your financial statements for the period ended February 28, 2022 are attached.

These reports include:

- Financial Dashboard
- Statements of Financial Position
- Statements of Activities
- Statement of Cash Flows
- Rolling Forecast – Operating – Fiscal Year Ending June 30, 2022

CIS continues to exceed budgeted expectations for revenue while also coming in under budget for expenses. This leads to a strong positive change in net assets.

### **Statement of Financial Position/Dashboard Analysis**

- 1) In February, the Board designated an additional \$3,300k as part of the Board Designated Operating Reserve. On the Statement of Financial Position this appears as Board-Designated Cash Reserves under Long-Term Assets. This is a change from prior periods when this balance appeared in Cash and Cash Equivalents.
  - a) This presentation more accurately reflects the organization's cash position due to operations without being skewed by the extraordinary, one-time contribution.
  - b) With the change, it is notable that cash has decreased from the same period in 2021. The decrease is primarily explained by the purchase of investments after February 2021.
  - c) The designation as a long-term asset means that it is not used to calculate metrics based on current assets and is not part of operating cash on hand. The Dashboard, therefore, has some larger fluctuations from the prior month.
  
- 2) Liquidity – CIS continues to be in a good liquidity position.
  - a) Current ratio = Current Assets/Current Liabilities
    - i)  $\$3,061/181k = 16.9$  vs. 3.8 as of 6/30/2021
  - b) Months Expenses on Hand = Cash/Average Monthly Expenses
    - i) There is operating cash to support about 3.4 months of operations for the organization based on average monthly expenses for the year-to-date. Board-designated operating reserves and investments are excluded from this calculation.

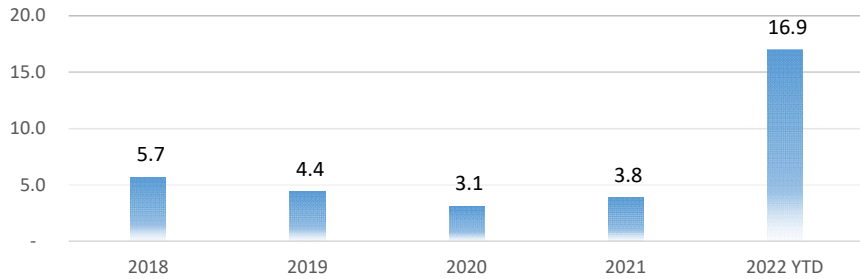
## Statement of Activities

- 1) Net Operating Surplus
  - a) Vs. Prior Year: The Operating Surplus for the eight months ended February 28, 2022 is \$1,189k compared to the prior year period Net Surplus of \$780k.
    - i) Operating Revenue is up \$938k from the same period last year. This is due to increases in Contracted Service and United Way revenue as well as PPP forgiveness.
    - ii) Operating Expenses are up \$599k over the same period last year. This is primarily due to increased salary expenses to support increased levels of services.
  - b) Vs. Budget: Operating Revenue is exceeding and expenses are trailing the Board approved Budget YTD.
    - i) Operating Revenue: \$4,486k actual vs \$3,885k budget.
    - ii) Operating Expense: \$3,367k actual vs. \$3,811k budget. Payroll and benefits were \$448k below budget.

If you have any questions, or would like to discuss anything on these statements, please let me know.

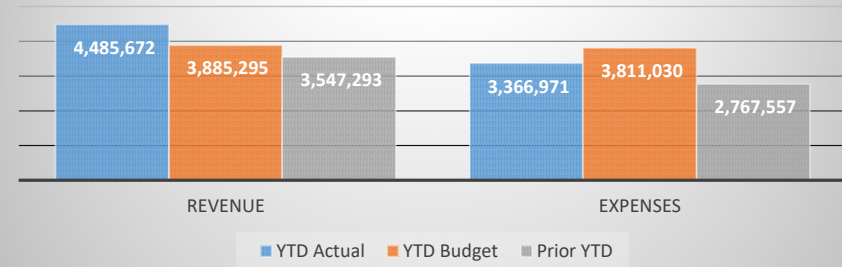
# Communities in Schools Of Eastern Pennsylvania Financial Dashboard as of February 28, 2022

## CURRENT RATIO



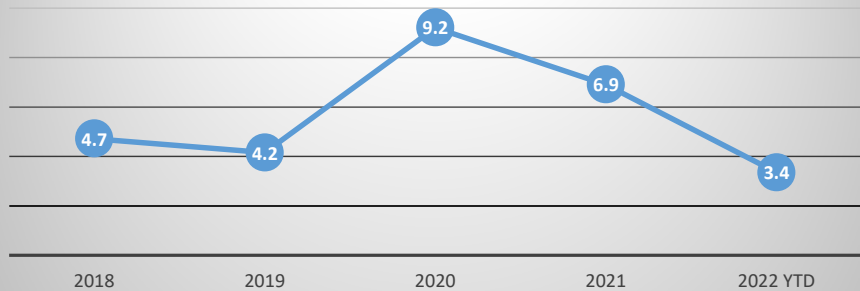
*The current ratio is exceptionally high due a high cash balance and very low liabilities.*

## YTD Budget to Actual



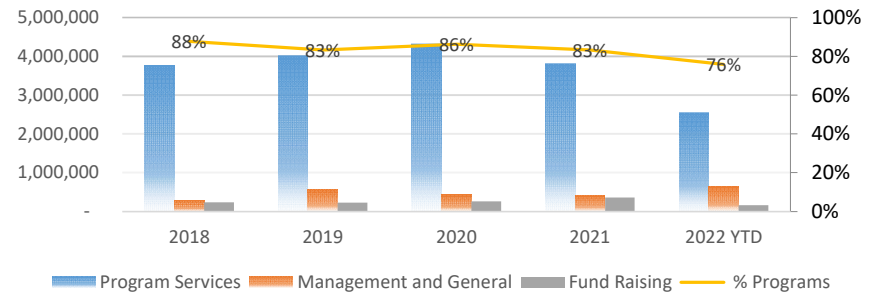
*Operating revenues are exceeding budget while operating expenses continue to trail the budget. Operating revenue does not include the nonrecurring contribution of \$3.3M.*

## Months Expenses on Hand



*The recommended benchmark is 3-6 month. This does not include board designated reserves or investments.*

## PROGRAM EFFICIENCY



*The percentage of expenses spent on programs dipped in the PY due to pandemic conditions and is expected to increase in the CY. YTD efficiency is slightly lower during the year as certain allocations of expenses are not made until year-end.*

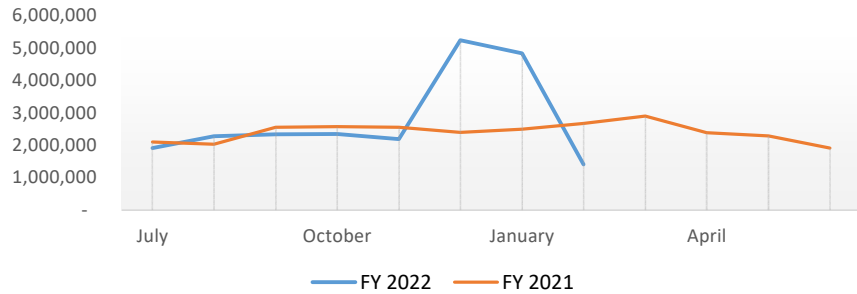
Better than average or exceeding expectations

Equal to expectations or trending in the wrong direction

Areas of concern

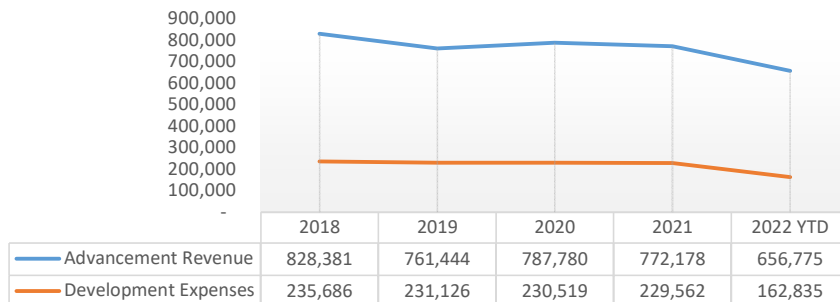
# Communities in Schools Of Eastern Pennsylvania Financial Dashboard as of February 28, 2022

## Cash Balances - YTD



Operating Cash has decreased with the designation of Board Designated cash reserves.

## Fundraising Efficiency



Fundraising efficiency is well above prior years.

## Debt/Asset Ratio

	2018	2019	2020	2021	2022 YTD
Debt	\$ 308,624	\$ 384,663	\$ 1,070,576	\$ 971,141	\$ 180,678
Assets	\$ 1,763,889	\$ 1,838,265	\$ 3,443,428	\$ 3,840,971	\$ 7,408,271
Debt/Asset Ratio	17%	21%	31%	25%	2%

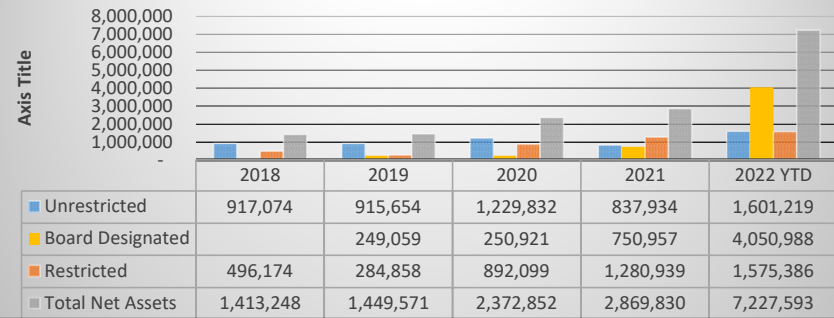
The \$181k above is comprised of accrued payroll and accounts payable. The chart, however, shows the continued strength of CIS's balance sheet.

Better than average or exceeding expectations

Equal to expectations or trending in the wrong direction

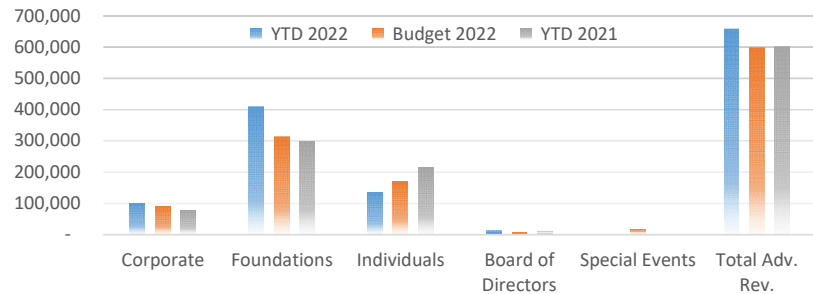
Areas of concern

## Net Assets



Net Assets are consistently growing year over year. The significant growth in the CY is due to the large nonrecurring contribution.

## FY 21 - ADVANCEMENT REVENUE



Advancement Revenue is exceeding both the budget and prior year.

## Special Event Analysis

	2018	2019	2020	2021	2022 YTD
Revenue	\$ 55,226	\$ 55,503	\$ 16,000	\$ 4,998	\$ -
Expenses	\$ 38,520	\$ 25,061	\$ 5,791	\$ -	\$ 271
Margin	30%	55%	64%	0%	0%

Special Events were mostly cancelled in FY 2020 and 2021. Special events are budgeted for \$25k in 2022.

**Communities in Schools Of Eastern Pennsylvania**  
**Statements of Financial Position**  
**As Of February 28, 2022 and February 28, 2021**

	<u>Feb-2022</u>	<u>Feb-2021</u>	<u>Variance</u>
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 2,162,813	\$ 2,929,907	\$ (767,094)
Accounts Receivable	843,806	891,013	(47,207)
Other Current Assets	54,312	47,768	6,544
Total Current Assets	<u>\$ 3,060,931</u>	<u>\$ 3,868,688</u>	<u>\$ (807,757)</u>
Long Term Assets			
Fixed Assets	367,568	376,011	(8,443)
Accumulated Depreciation	(272,425)	(263,187)	(9,238)
Investments	952,198	-	952,198
Board-Designated Cash Reserves	3,300,000	-	3,300,000
Total Long Term Assets	<u>\$ 4,347,341</u>	<u>\$ 112,824</u>	<u>\$ 4,234,516</u>
<b>Total Assets</b>	<u><u>\$ 7,408,271</u></u>	<u><u>\$ 3,981,512</u></u>	<u><u>\$ 3,426,759</u></u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Current Liabilities	180,678	828,924	(648,246)
Long Term Liabilities	-	-	-
Total Liabilities	<u>\$ 180,678</u>	<u>\$ 828,924</u>	<u>\$ (648,246)</u>
Fund Balance			
Net Assets Without Restrictions	649,021	1,480,753	(831,732)
Board-Designated Operating Reserve	4,050,988	250,938	3,800,050
Long-Term Investments	952,198	-	952,198
Net Assets With Restrictions	1,575,386	1,420,897	154,489
Total Fund Balance	<u>\$ 7,227,593</u>	<u>\$ 3,152,588</u>	<u>\$ 4,075,005</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 7,408,271</u></u>	<u><u>\$ 3,981,512</u></u>	<u><u>\$ 3,426,759</u></u>
<b>Beginning Balance</b>	2,862,765	2,372,852	489,913
<b>Net Surplus/(Deficit)</b>	4,367,328	779,736	3,587,592
<b>Ending Fund Balance</b>	<u><u>\$ 7,230,093</u></u>	<u><u>\$ 3,152,588</u></u>	<u><u>\$ 4,077,505</u></u>

**Communities in Schools Of Eastern Pennsylvania**  
**Statements of Activities**  
**Eight Months Ended February 28, 2022**

	(A) <u>FYTD 2022</u>	<u>FYTD 2021</u>	(B) <u>FYTD 2022 Budget</u>	(A) - (B) <u>Variance</u>
<b>Revenue</b>				
Contracted Services	\$ 2,239,856	\$ 1,958,111	\$ 2,265,639	\$ (25,783)
Grants	224,516	423,090	365,910	(141,394)
United Way	805,218	565,788	652,093	153,125
Corporate	101,479	78,288	91,128	10,351
Foundations	408,735	299,133	312,070	96,665
Individuals	134,905	213,517	169,188	(34,283)
Board of Directors	11,655	8,668	7,961	3,694
Special Events	-	-	16,667	(16,667)
Other	559,307	699	4,639	554,669
<b>Total Revenue</b>	<b><u>\$ 4,485,672</u></b>	<b><u>\$ 3,547,293</u></b>	<b><u>\$ 3,885,295</u></b>	<b><u>\$ 600,377</u></b>
<b>Expense</b>				
Personnel Expense				
Salaries	2,523,212	2,048,033	2,918,149	(394,937)
Payroll Taxes & Benefits	464,858	367,641	518,314	(53,456)
Total Personnel Expense	<u>\$ 2,988,070</u>	<u>\$ 2,415,674</u>	<u>\$ 3,436,463</u>	<u>\$ (448,393)</u>
Non-Personnel Expense				
Rent	42,000	42,000	42,000	-
Utilities/Occupancy Cost	44,641	43,915	43,531	1,110
Insurance	26,782	24,414	24,461	2,321
Transportation & Travel	37,398	1,477	21,723	15,675
Printing & Supplies	18,938	11,895	17,250	1,688
Contracted Services & Fees	132,749	83,489	122,189	10,560
Special Event Expenses	271	-	5,000	(4,729)
Depreciation Expense	10,765	19,553	21,820	(11,055)
Scholarships	1,500	1,500	1,000	500
Student Support	57,646	122,294	67,699	(10,054)
Other	6,211	1,348	7,893	(1,682)
Total Non-Personnel Expense	<u>\$ 378,901</u>	<u>\$ 351,883</u>	<u>\$ 374,567</u>	<u>\$ 4,333</u>
<b>Total Expense</b>	<b><u>\$ 3,366,971</u></b>	<b><u>\$ 2,767,557</u></b>	<b><u>\$ 3,811,030</u></b>	<b><u>\$ (444,059)</u></b>
<b>Operating Surplus/(Deficit)</b>	<b>1,118,702</b>	<b>779,736</b>	<b>74,265</b>	<b>1,044,437</b>
<b>Non Operating Revenue/(Expenses)</b>				
Unrealized Gains/(Losses)	(51,374)	-	-	(51,374)
Nonrecurring Contribution	3,300,000	-	-	3,300,000
<b>Non Operating Surplus/(Deficit)</b>	<b><u>3,248,626</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,248,626</u></b>
<b>Total Surplus/(Deficit)</b>	<b>4,367,328</b>	<b>779,736</b>	<b>74,265</b>	<b>4,293,063</b>
<b>Beginning Fund Balance</b>	<b>2,862,765</b>	<b>2,372,852</b>	<b>2,862,765</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b><u>\$ 7,230,093</u></b>	<b><u>\$ 3,152,588</u></b>	<b><u>\$ 2,937,030</u></b>	<b><u>\$ 4,293,063</u></b>

**Communities in Schools Of Eastern Pennsylvania  
Statement of Cash Flows  
Eight Months Ended February 28, 2022**

	<u>FYTD 2022</u>
<b>Cash Flows From Operating Activities</b>	
Net Surplus/(Deficit) For Period	\$ 4,367,328
Adjustments to Reconcile Net Surplus/Deficit to Net Cash Provided (Used) by Operating Activities	
Decrease (Increase) in Prepaid Expenses	(5,000)
Decrease (Increase) in Accounts Receivable	(31,665)
Decrease (Increase) in Pledge Receivable	(25,000)
Decrease (Increase) in Pledge Receivable Discount	(7,065)
Increase (Decrease) in Accounts Payable	720
Increase (Decrease) in Deferred Revenue	(691,801)
Increase (Decrease) in Accrued Payroll	(93,283)
Increase (Decrease) in Accrued Payroll Taxes	(5,811)
Increase (Decrease) in Operating Investment Accounts	(78,825)
Increase (Decrease) in Clearing Account	(289)
Depreciation Expense	10,765
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 3,440,075</u>
 <b>Net Increase/(Decrease) in Cash</b>	 <b>\$ 3,440,075</b>
 <b>Cash and Cash Equivalents as of June 30, 2021</b>	 <u><b>2,022,738</b></u>
 <b>Cash and Cash Equivalents as of February 28, 2022</b>	 <u><u><b>\$ 5,462,812</b></u></u>

**Communities in Schools Of Eastern Pennsylvania**  
**Rolling Forecast - Operating**  
**Fiscal Year Ending June 30, 2022**

	Actual	Projected				Total	Budget	Variance
	July - February	March	April	May	June		FY 2022	FY 2022
<b>Revenue</b>								
Contracted Services	\$ 2,239,856	\$ 283,205	\$ 283,205	\$ 283,205	\$ 283,205	\$ 3,372,676	\$ 3,398,459	(25,783)
Grants	224,516	30,739	30,739	30,739	30,739	347,471	548,865	(201,394)
United Way	805,218	81,512	81,512	81,512	81,512	1,131,264	978,139	153,125
Corporate	101,479	11,391	11,391	11,391	11,391	147,043	136,692	10,351
Foundations	408,735	26,762	26,762	26,762	26,762	515,782	419,117	96,665
Individuals	134,905	21,149	21,149	21,149	21,149	219,499	253,782	(34,283)
Board of Directors	11,655	995	995	995	995	15,636	11,942	3,694
Special Events	-	2,083	2,083	2,083	2,083	8,333	25,000	(16,667)
Other	559,307	580	580	580	580	561,627	6,958	554,669
<b>Total Revenue</b>	<b>\$ 4,485,672</b>	<b>\$ 458,415</b>	<b>\$ 458,415</b>	<b>\$ 458,415</b>	<b>\$ 458,415</b>	<b>\$ 6,319,331</b>	<b>\$ 5,778,954</b>	<b>540,377</b>
<b>Expense</b>								
Personnel Expense								
Salaries	2,523,212	364,769	364,769	364,769	364,769	3,982,286	4,377,223	(394,937)
Payroll Taxes & Benefits	464,858	64,789	64,789	64,789	64,789	724,015	777,471	(53,456)
<b>Total Personnel Expense</b>	<b>\$ 2,988,070</b>	<b>\$ 429,558</b>	<b>\$ 429,558</b>	<b>\$ 429,558</b>	<b>\$ 429,558</b>	<b>\$ 4,706,301</b>	<b>\$ 5,154,694</b>	<b>\$ (448,393)</b>
Non-Personnel Expense								
Rent	42,000	5,250	5,250	5,250	5,250	63,000	63,000	-
Utilities/Occupancy Cost	44,641	5,441	5,441	5,441	5,441	66,407	65,297	1,110
Insurance	26,782	3,058	3,058	3,058	3,058	39,013	36,692	2,321
Transportation & Travel	37,398	2,715	2,715	2,715	2,715	48,260	32,585	15,675
Printing & Supplies	18,938	2,156	2,156	2,156	2,156	27,563	25,875	1,688
Contracted Services & Fees	132,749	15,274	15,274	15,274	15,274	193,844	183,284	10,560
Special Event Expenses	271	625	625	625	625	2,771	7,500	(4,729)
Depreciation Expense	10,765	2,728	2,728	2,728	2,728	21,675	32,730	(11,055)
Scholarships	1,500	125	125	125	125	2,000	1,500	500
Student Support	57,646	8,462	8,462	8,462	8,462	91,495	101,549	(10,054)
Other	6,211	987	987	987	987	10,157	11,839	(1,682)
<b>Total Non-Personnel Expense</b>	<b>\$ 378,901</b>	<b>\$ 46,821</b>	<b>\$ 46,821</b>	<b>\$ 46,821</b>	<b>\$ 46,821</b>	<b>\$ 566,184</b>	<b>\$ 561,851</b>	<b>4,333</b>
<b>Total Expense</b>	<b>\$ 3,366,971</b>	<b>\$ 476,379</b>	<b>\$ 476,379</b>	<b>\$ 476,379</b>	<b>\$ 476,379</b>	<b>\$ 5,272,486</b>	<b>\$ 5,716,545</b>	<b>\$ (444,059)</b>
<b>Net Surplus/(Deficit)</b>	<b>1,118,702</b>	<b>(17,964)</b>	<b>(17,964)</b>	<b>(17,964)</b>	<b>(17,964)</b>	<b>1,046,846</b>	<b>62,409</b>	<b>984,437</b>
<b>Other Cash/Non-Cash Items</b>								
Decrease (Increase) in Prepaid Expenses	(5,000)	(1,810)	(1,760)	(1,549)	(1,378)			
Decrease (Increase) in Accounts Receivable	(31,665)	-	-	-	-			
Decrease (Increase) in Pledge Receivable	(32,065)	-	-	-	-			
Increase (Decrease) in Accounts Payable	720	-	-	-	-			
Increase (Decrease) in Accrued Payroll	(93,283)	4,084	4,084	4,084	4,084			
Increase (Decrease) in Accrued Payroll Taxes	(5,811)	-	-	-	-			
Increase (Decrease) in Clearing Account	(289)	-	-	-	-			
Depreciation Expense	10,765	1,346	1,346	1,346	1,346			
Transfer from Schwab Account	(78,825)	-	-	-	-			
<b>Total Other Cash/Non-Cash items</b>	<b>\$ (927,253)</b>	<b>\$ 3,620</b>	<b>\$ 3,670</b>	<b>\$ 3,881</b>	<b>\$ 4,052</b>			
Net Operating Cash Flow	191,448	(14,344)	(14,294)	(14,083)	(13,912)			
Ending Unrestricted Cash	591,610	686,706	672,413	658,330	644,418			
Ending Board Designated Cash	4,051,007	4,051,007	4,051,007	4,051,007	4,051,007			
Ending Money Market Cash	288,306	288,306	288,306	288,306	288,306			
<b>Ending Total Cash</b>	<b>\$ 5,462,813</b>	<b>\$ 5,557,909</b>	<b>\$ 5,543,616</b>	<b>\$ 5,529,533</b>	<b>\$ 5,515,621</b>			