



# Treasurer's Report

October 19, 2020

Chip Gaysunas

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# Budget & Finance

## **Management**

- Charlie Zechel, Executive Director
- Ying Chen, Staff Accountant

## **Budget & Finance Committee (BufCom) Members**

- Jay Kronfeld
- Andrew Griesinger
- Dana Robinson
- Debra Boudreau
- Chris Yu
- Eric Weinstein
- Chip Gaysunas, Treasurer



# Operating Results 2015-2019

Statement of Activities	FYE 12/31/2015	FYE 12/31/2016	FYE 12/31/2017	FYE 12/31/2018	FYE 12/31/2019
Membeship Revenue	\$1,102,588	\$1,127,980	\$1,126,109	\$1,141,305	\$1,245,798
Other Operating Revenue	\$258,759	\$267,301	\$246,906	\$240,957	\$241,539
Contributions	\$361,101	\$341,038	\$397,950	\$294,278	\$467,482
<b>Revenue &amp; Support</b>	<b>\$1,722,448</b>	<b>\$1,736,319</b>	<b>\$1,770,965</b>	<b>\$1,676,540</b>	<b>\$1,954,819</b>

Salaries, Payroll Taxes & Benefits	\$1,096,038	\$1,156,458	\$1,153,588	\$1,190,800	\$1,315,984
Fleet & Facilities	\$221,429	\$215,655	\$204,313	\$211,907	\$237,576
Administrative	\$222,771	\$175,325	\$184,747	\$186,464	\$208,633
COGS & Depreciation	\$184,035	\$179,472	\$182,892	\$212,441	\$175,297
<b>Total Operating Expenses</b>	<b>\$1,724,273</b>	<b>\$1,726,910</b>	<b>\$1,725,540</b>	<b>\$1,801,612</b>	<b>\$1,937,490</b>

Change in Net Assets from Ops*	(\$1,825)	\$9,409	\$45,425	(\$125,072)	(\$82,671)
Depreciation	\$94,123	\$83,971	\$94,261	\$108,989	\$110,257
<b>Cash Flow from Operations</b>	<b>\$92,298</b>	<b>\$93,380</b>	<b>\$139,686</b>	<b>(\$16,083)</b>	<b>\$27,586</b>

\*Excludes a one-time \$100k purpose restricted contribution in 2019 and non-operating investment and endowment activity



# Key Operating Ratios 2015-2019

Key Operating Ratios	FYE 12/31/2015	FYE 12/31/2016	FYE 12/31/2017	FYE 12/31/2018	FYE 12/31/2019
Payroll & Benefits Expense	\$1,096,038	\$1,156,458	\$1,153,588	\$1,190,800	\$1,315,984
(Payroll & Benefits)/Revenues	63.63%	66.60%	65.14%	71.03%	70.95%
Operating Expenses (Excl. Depr.)	\$1,630,150	\$1,642,939	\$1,631,279	\$1,692,623	\$1,827,233
Op. Expenses (excl Depr.)/Revenues	94.64%	94.62%	92.11%	100.96%	98.51%

## Key Points

- In 2019, expenses continued to trend above historical norms, as a percentage of operating revenues.



# Key Financial Accounts 2018 & 2019

<b>Key Financial Accounts</b>	FYE 12/31/2018	FYE 12/31/2019
Cash (Includes Restricted Cash) *	\$378,512	\$402,797
Other Current Assets	\$43,488	\$84,120
PP&E	\$501,395	\$484,058
Investments	\$1,534,384	\$2,946,455
<b>Total Assets</b>	<b>\$2,457,779</b>	<b>\$3,917,430</b>
<b>Total Liabilities</b>	<b>\$346,048</b>	<b>\$368,852</b>
<b>Net Assets</b>	<b>\$2,111,731</b>	<b>\$3,548,578</b>
Capital Spending	\$89,982	\$95,612
Endowment Contributions	\$96,248	\$944,597
Endowment Release	\$58,500	\$105,800

\* At 12/31/19, CBI's cash balance included \$61k in restricted Endowment funds. This compared with \$70k at 12/31/18.



## Reporting & Oversight

- Since April, management has prepared weekly cash forecasts for review by BufCom and the Board, in addition to regular monthly financing reporting.
- CBI's auditor, Melissa Gilroy, issued a clean opinion on CBI's FYE 12/31/19 financials.
- CBI's annual reporting requirements, including CBI's Audited FYE 12/31/19 Financial Statements, IRS Form 990 and Massachusetts Form PC have been completed and will be made available to the public on the Massachusetts' Attorney General's website at Mass.gov under Public Charities Annual Filings.



# YTD 9/30/20 Operating Results

Statement of Activities	Actual 9/30/2019	Actual 9/30/2020	Var
Membeship Revenue	\$1,226,176	\$434,878	(\$791,298)
Other Operating Revenue	\$205,197	\$71,901	(\$133,296)
Contributions	\$297,725	\$231,814	(\$65,911)
<b>Revenue &amp; Support</b>	<b>\$1,729,098</b>	<b>\$738,593</b>	<b>(\$990,505)</b>

Salaries, Payroll Taxes & Benefits	\$1,060,218	\$694,265	(\$365,953)
Fleet & Facilities	\$184,904	\$146,938	(\$37,966)
Administrative	\$172,559	\$111,690	(\$60,869)
COGS & Depreciation	\$142,170	\$99,983	(\$42,187)
<b>Total Operating Expenses</b>	<b>\$1,559,851</b>	<b>\$1,052,876</b>	<b>(\$506,975)</b>

Change in Net Assets from Operations*	\$169,247	(\$314,283)	(\$483,530)
Depreciation	\$81,514	\$89,322	\$7,808
<b>Cash From Operations</b>	<b>\$250,761</b>	<b>(\$224,961)</b>	<b>(\$475,722)</b>

\*Excludes Non-Operating investment and endowment activity



# YTD 9/30/20 Key Operating Ratios

Key Operating Ratios	Actual 9/30/2019	Actual 9/30/2020	Var
Payroll & Benefits Expense	\$1,060,218	\$694,265	(\$365,953)
(Payroll & Benefits)/Revenues	61.32%	94.00%	
Operating Expenses (Excl. Depr.)	\$1,478,337	\$963,554	(\$514,783)
Op. Expenses (excl Depr.)/Revenues	85.50%	130.46%	





YTD 9/30/20

- Through 9/30/20, Operating Revenues are down \$990k or 57%, from \$1,729k to \$739k
  - Adult Membership revenues are down \$612K or 72%, from \$848k to \$236k
  - The Junior Program, which generated revenues of \$291k in 2019, was cancelled for health and safety reasons. CBI has received \$67k from JP members, which will be credited toward 2021 and is reported as Deferred Revenue (a liability).
  - Other Revenues tied to membership (damage waivers, guest fees, lockers, parking tickets, etc.) are down \$92k or 62%, from \$147k to \$55k.
  - Seasonal Event revenue (July 4<sup>th</sup>, Dock Parties) is down \$148k or 100% (includes \$93k of July 4<sup>th</sup> revenue allocated to contributions).
  - Support from certain corporate sponsors (EF, Duck Boats) is in doubt as these companies are facing their own significant financial challenges



## CBI's Response

- In April, the board released \$225,000 in board designated reserves to ensure CBI had sufficient resources to (i) retain key staff, (ii) offer COVID-19 compliant programming to members and guests and (iii) meet all financial obligations.
- Kayak rentals were emphasized to supplement member revenue. Rental revenue increased from \$145k in 2019 to \$207k.
- Staffing costs were reduced \$366k through 9/30, primarily by scaling back seasonal staff. Other cash operating expenses decreased \$149k.
- CBI continued to cultivate relationships with corporate and institutional sponsors, including EF, Polar and Cabot.
- **CBI launched the “2021 Challenge” with a \$100k goal and generous matching gifts from loyal individual donors.**



## CBI's Response cont.

- CBI applied for and received \$391,500 in funds under two Small Business Administration (SBA) loan programs:

### **(i) Payroll Protection Program (PPP) Loan** - \$231,500

- CBI has incurred more than \$500k in qualifying PPP expenses (primarily payroll costs) and will be working with Citizens Bank (CBI's PPP Lender) to obtain full forgiveness of this loan
- CBI plans to apply for additional PPP support if funds are made available in a second government stimulus package

### **(ii) Economic Injury Disaster Loan (EIDL) Program**

- \$150,000 2.75%, 30 year term loan, with Monthly P&I of \$641 beginning 8/25/21
- \$10K EIDL Advance



## CBI's Response cont.

- CBI has met all obligations to key vendors and partners, including the DCR
- **CBI forecasts an unrestricted cash balance of over \$380K at 12/31/20, compared with an unrestricted cash balance of \$342K at 12/31/19. Net of Deferred Junior Program obligations (\$67k) and Deferred Payroll Tax obligations (\$26k) unrestricted cash at 12/31/20 is estimated to be approximately \$285k.**
- The board has considered extraordinary releases from certain endowment funds (General, Junior and UAP) with a combined balance of \$1.2 million; however,
  - No extraordinary releases have been approved and none are anticipated in 2020.
  - In reviewing CBI's options related to the endowment, the board received guidance from outside legal counsel and has considered guidance published by the state Attorney General's office.



# Key Financial Accounts 9/30/20

<b>Key Financial Accounts</b>	Actual 9/30/2019	Actual 9/30/2020	Var
Cash (Including Restricted Cash)	\$573,683	\$688,143	\$114,460
Other Current Assets	\$68,808	\$60,255	(\$8,553)
PP&E	\$502,977	\$491,936	(\$11,041)
Investments	\$2,757,983	\$2,870,995	\$113,012
<b>Total Assets</b>	<b>\$3,903,451</b>	<b>\$4,111,329</b>	<b>\$207,878</b>

<b>Total Liabilities</b>	<b>\$99,754</b>	<b>\$559,795</b>	<b>\$460,041</b>
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<b>Net Assets</b>	<b>\$3,803,697</b>	<b>\$3,551,534</b>	<b>(\$252,163)</b>
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Note: At 9/30/20, Cash included \$0 restricted Endowment funds. This compares with \$23.6k of restricted Endowment funds held in Cash at 9/30/19.



## Looking Ahead

- Management and the board have begun discussions on the 2021 Budget; however, current budget assumptions are subject to change based on the uncertain impact of COVID on CBI in 2021.
- If revenues remain depressed in 2021, CBI may be faced with making significant expense cuts and/or curtailing certain programs.
- CBI expects to revisit its current licensing agreement with the DCR in 2021. Under the current agreement, CBI pays an annual fee to the DCR, which increases each year ( \$20k in 2021, increasing to \$50k in 2029).
- The board is committed to rebuilding reserves for emergencies and watercraft capital as operating performance and financial resources return to pre-COVID levels.



# Questions

## Contacts:

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