



July 16, 2021

To: Columbia Association Board of Directors  
(E-Mail: [Board.Members.FY22@ColumbiaAssociation.org](mailto:Board.Members.FY22@ColumbiaAssociation.org))  
CA Management

From: Janet Evans, Board Chair

**The Columbia Association Board of Directors Hybrid Meeting will be held on Thursday, July 22, 2021 beginning at 7:00 p.m.**

### AGENDA

	<b>5 min.</b>	<b>Page No.</b>
1. Call to Order		
(a) Announce the procedures being used to conduct the virtual meeting		
(b) Roll Call to determine Directors in attendance		
(c) Announce that both audio and video of the meeting are being broadcast. Anyone using the link to the meeting on CA's website will be able to see and hear the proceedings.		
(d) Timekeeper – Lin Eagan		
2. Announcement of Closed/Special Meetings Held/To Be Held	<b>1 min.</b>	
3. Approval of Agenda	<b>1 min.</b>	
4. Verbal Resident Speakout will be available to individuals who submitted the Resident Speakout form on CA's website by the specified due date. Residents may also send written comments to CA's Board of Directors at <a href="mailto:Board.Members.FY22@ColumbiaAssociation.org">Board.Members.FY22@ColumbiaAssociation.org</a> . Please note that, due to time constraints, it may be necessary to limit the number of people at Verbal Resident Speakout.		
5. Consent Agenda	<b>1 min.</b>	
(a) Approval of Minutes		
(i) June 24, 2021 BOD Meeting		<b>3 -5</b>
(ii) July 8, 2021 BOD Meeting		<b>6 -8</b>
6. Board Votes	<b>30 min.</b>	
(a) FY 2023 Budget Schedule	(10 min.)	9
(b) Villages' Financials Cap	(10 min.)	10 -14
(c) President/CEO FY 2022 Goals and Objectives	(10 min.)	15 - 21
7. Board Discussion	<b>90 min.</b>	
(a) Dashboard	(30 min.)	22 -29
(b) Board Priorities	(30 min.)	30
(c) Communications and Marketing Update	(30 min.)	31
8. Questions Only	<b>15 min.</b>	
(a) Chair's Remarks		<b>32</b>
(b) President's Report		<b>33-35</b>
(c) Report from the CA Representatives to the Inner Arbor Trust Board of Directors		<b>36-40</b>
(d) Pre-filed Legislation		<b>41</b>
(e) New Town Charrette		<b>42</b>
(f) Tracking Forms		
(i) Board Requests		<b>43</b>

(ii)	Resident Requests		44
9.	Reports/Presentations	10 min.	
(a)	FY 2021 Audited Financials		45 - 68
(b)	FY 2021 Fourth Quarter Financial Report		69
10	Proposed New Topics	5 min.	
11	Adjournment – Anticipated Ending Time: Approximately 10:15 p.m.		

**Upcoming Scheduled Hybrid Work Session**  
**Thursday, July 29, 2021 – Board of Directors Special Work Session –**  
**Beginning at 7:00 p.m.**

**CA Mission Statement**

Engage our diverse community, cultivate a unique sense of place, and enhance quality of life

**CA Vision Statement**

CA creates and supports solutions to meet the evolving needs of a dynamic and inclusive community.

**Draft Minutes of the  
BOARD OF DIRECTORS MEETING  
Held June 24, 2021**

To be Approved July 22, 2021

A hybrid virtual and in person meeting of Columbia Association's Board of Directors was held on Thursday, June 24, 2021. Present were Chairperson Janet Evans, Vice Chair Virginia Thomas, and members Dick Boulton, CA President/CEO Lakey Boyd, Renee DuBois, Jessamine Duvall, Lin Eagan, Christine (Tina) Horn, Alan Klein, Andrew Stack, and Shari Zaret. Also in attendance was CA Vice President/CFO Susan Krabbe.

**1. Call to Order:** The Board of Directors Meeting was called to order at 7:02 p.m. by Chairperson Janet Evans.

- (a) The meeting was being held in a hybrid format, both virtually and in person at the CA Headquarters.
- (b) Ms. Evans took roll of the directors in attendance.
- (c) All attendees were reminded that the meeting was being live-streamed and being recorded with links available on the CA website.
- (d) The Timekeeper was Mr. Klein.

**2. Announcement of Closed/Special Meetings Held/To Be Held**

CA's **Board of Directors** held a closed virtual meeting on May 27, 2021. Members present were Chairperson Janet Evans, Vice Chair Virginia Thomas, Dick Boulton, Lakey Boyd, Renee DuBois, Jessamine Duvall, Lin Eagan, Tina Horn, Alan Klein, Andrew Stack, and Shari Zaret. The vote to close the meeting was 10-0-0.

The closed meeting was authorized under the Maryland Homeowners Association Act, Md. Code, Real Property §11B-111(4)(iv), Consultation with staff personnel, consultant, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters. The meeting was closed from 8:51 p.m. until 10:04 p.m. for a discussion of issues regarding Symphony of Lights.

The **Risk Management Committee** held a closed virtual meeting on June 10, 2021. Members present were Lakey Boyd, Jessamine Duvall, Tina Horn, Alan Klein, and Susan Krabbe. No vote is required to close this meeting.

The closed meeting was authorized under the Maryland Homeowners Association Act, Md. Code, Real Property §11B-111(4)(iv), Consultation with staff personnel, consultant, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters. The meeting was closed from 6:04 p.m. until 7:00 p.m. for a review of the general liability risk management program, and specific incidents.

The **Architectural Resource Committee** held a closed virtual meeting on June 14, 2021. Members present were Kristin Russell, Deb Bach, Ed Gordon, Susan Sloan, and Devora Wilkinson. The vote to close the meeting was 5-0-0.

The closed meeting was authorized under the Maryland Homeowners Association Act, Md. Code, Real Property §11B-111(4)(iv), Consultation with staff personnel, consultants, attorneys, board members or other persons in connection with pending or potential litigation or other legal matters. The meeting was closed from 1:01 p.m. until 2:43 p.m. to discuss new and ongoing covenant cases.

**3. Approval of Agenda**

**Action:** Ms. Thomas moved to approve the agenda. Ms. Eagan seconded the motion, which passed unanimously.

**Action:** Ms. Evans moved to the Subcommittee Update from Board Discussion [item 7(c)] to Board Votes [item 6(b)] on the agenda. Ms. Thomas seconded the motion, which passed unanimously.

52 **4. Verbal Resident Speakout** – No residents signed up.

53  
54 **5. Consent Agenda**

55 (a) Approval of Minutes – May 13, 2021 and May 27, 2021 Board Meetings - Approved by consent

56  
57 (b) Approval of Utility Request – BGE – Hickory Ridge – Approved by consent

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59 **6. Board Votes**

60 (a). Limits on Speaking Time for CA Board Members

61 **Action:** Ms. Thomas moved to approve Limits on Speaking Time for CA Board Members with an  
62 amendment to the third bullet under Work Sessions stating “when the Board agrees to extend the time limit.”  
63 Ms. Horn seconded the motion, which passed with a vote of 9-1-0.

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65 For: Messrs. Boulton, Klein, and Stack, and Mmes. Duvall, Eagan, Evans, McCord, Thomas, and Zaret

66 Against: Ms. DuBois

67 Abstain: None

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69 (b). Revised Howard County Plan Update Summary – Subcommittee Update

70 **Action:** Mr. Boulton moved to table the vote on “CA Board of Directors Position Statement on the Howard  
71 County General Plan” until July 8, 2021. Ms. Zaret seconded the motion, which was approved by a vote of  
72 6-4-0.

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74 For: Messrs. Boulton and Klein, and Mmes. Dubois, Eagan, Thomas, and Zaret

75 Against: Mr. Stack and Mmes. Evans, Duvall, and Horn.

76 Abstain: None

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78 **7. Board Discussion**

79 (a) President/CEO FY 2022 Goals and Objectives – Provided verbally and in writing by Ms. Boyd.

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81 (b) Board Priority Review – Ms. Evans stated that additional detail will be coming in addition to the written  
82 working draft provided.

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84 **8. Questions Only**

85 (a) Chair’s Remarks - Ms. Evans provided a written report.

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87 (b) President’s Report - Ms. Boyd provided a written report.

88 Discussion included starting an interactive series/workshops across the Villages regarding covenants, zoning,  
89 and design; Village Centers, Commercial Corridors, and Employment Centers; Points of Pride within the  
90 report to include challenges; and employment concerns about lifeguards and pool managers.

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92 (c) Report from the CA Representatives to the Inner Arbor Trust Board of Directors – Provided written report.

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94 (d) Tracking Forms –

95 (i) Board Requests – Ms. Thomas indicated that the Study of CA Advisory Committees goes under Strategic  
96 Priority Leadership Development for review in the Fall after Staff’s input.

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98 (ii) Resident Requests - Ms. Evans added Joel Hurewitz and his question about the 2/3 voting policy for the  
99 Board.

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101 **9. Reports/Presentations** – None

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10. Proposed New Topics
- Ms. Zaret would like to add a discussion about a speaker series.
  - Ms. Evans added sharing definitions of ELMO guidelines.
  - Ms. Evans added a discussion about subcommittees and working groups, with a general understanding of expected outcomes.
11. Adjournment
- Action: Motion to adjourn was made by Ms. Thomas, with a second by Mr. Boulton. Passed unanimously.

The meeting was adjourned at 8:41 p.m.
- Respectfully submitted,
- Bonnie Butler
- Recording Secretary

DRAFT MINUTES  
of the Board of Directors Meeting  
Held July 8, 2021

To be approved July 22, 2021

A hybrid meeting of Columbia Association's Board of Directors was held on Thursday, July 8, 2021 beginning at 7:01 p.m. Participating were: Chairperson Janet Evans, Vice Chair Virginia Thomas, and Directors Dick Boulton, Renee DuBois, Jessamine Duvall (joined 7:23pm), Lin Eagan (joined 8:08pm), Christine (Tina) Horn, Andrew Stack, and CA President/CEO Lakey Boyd. Directors Alan Klein and Shari Zaret did not attend.

1. **Call to Order:** The Work Session Meeting was called to order at 7:01 p.m. by Chairperson Evans
  - (a) Ms. Evans announced the procedures being used to conduct the hybrid meeting
  - (b) The Chairperson stated that the meeting was being live streamed and that anyone could view the meeting materials on the CA board web page and follow the proceedings
  - (c) Roll call taken to determine the directors in attendance
  - (d) Timekeeper: Christine (Tina) Horn

2. **Approval of Agenda**

**Action:** Ms. Thomas moved to approve the agenda. Mr. Stack seconded the motion, which passed unanimously.

3. **Resident Speak Out**

No one spoke.

4. **Board Votes**

- a) Amendment to the CA BOD Position Statement on the Howard County General Plan

**Action:** Ms. Thomas moved to approve an amendment to the CA BOD Position Statement on the Howard County General Plan under the "**Transforming Columbia**" section to replace what was written with, "The village centers need to be transformed to respond to the latest market trends and demands for retail, recreational, and housing that serve that particular community. The transformation needs to comply with the Village Center plan developed under CB29 in 2009 that was submitted by a village to the County." Mr. Boulton seconded the motion, which was approved unanimously with a vote of 6-0-0.

For: Messrs. Boulton and Stack, and Mmes. DuBois, Evans, Horn, and Thomas

Against: None

Abstain: None

- b) CA BOD Position Statement on the Howard County General Plan with amendment

**Action:** Ms. Thomas moved to approve the entire statement as amended. Ms. DuBois seconded the motion, which was approved unanimously with a vote of 6-0-0.

For: Messrs. Boulton and Stack, and Mmes. DuBois, Evans, Horn, and Thomas

Against: None

Abstain: None

## 5. Topics for Discussion

- a) Proposed Budget Schedule for FY 2023

Ms. Boyd and Ms. Krabbe explained origin and intent of the new budget schedule and process

- Board members asked about community engagement methods for budget process and were encouraged to go back to villages and prepare them for changes in budget process

- b) Presentation on the Participation of Women, Minority and Disabled-Owned Businesses in CA's Purchasing Process

- Mr. O'Malley provided a report on the status of CA's Minority Business Enterprise Program.

- c) Villages Financials Cap

Ms. Krabbe and Ms. Tuma presented a report about financial status of villages and recommendations in preparation for upcoming board vote.

- Conversation focused on village managers' reactions to recommendations, village managers' needs, and re-start costs.
- Suggestion that board look at and evaluate annual benefits CA provides to villages.

- d) Review of Proposed President/CEO Ratings Scale, Process and Goals

Ms. Evans submitted a draft of President/CEO evaluation process for Board comments and questions.

- Board members suggested that some evaluation categories be combined.
- Ms. Evans encouraged board members to submit any recommended changes.

- e) Capital Projects and Open Space Updates – presented by Dennis Matthey

- Mr. Matthey presented the update.
- A walk-through of property in River Hill will be scheduled by Mr. Matthey, and will include Watershed Division staff.

## 6. Questions only topics

- a) Board Priority Review – Chairperson Evans submitted and presented a report.

- b) President's Remarks - President/CEO Boyd shared more details about increasing community engagement.

**7. Proposed New Topics**

- a) Ms. Horn asked about process of receiving additional information requested from CA staff at meeting.
- b) Mr. Stack and Ms. Thomas had comments and questions about upcoming meeting featuring the Advisory Committees.
- c) Ms. DuBois recommended looking into livestreaming the open part of the Audit Committee meetings.

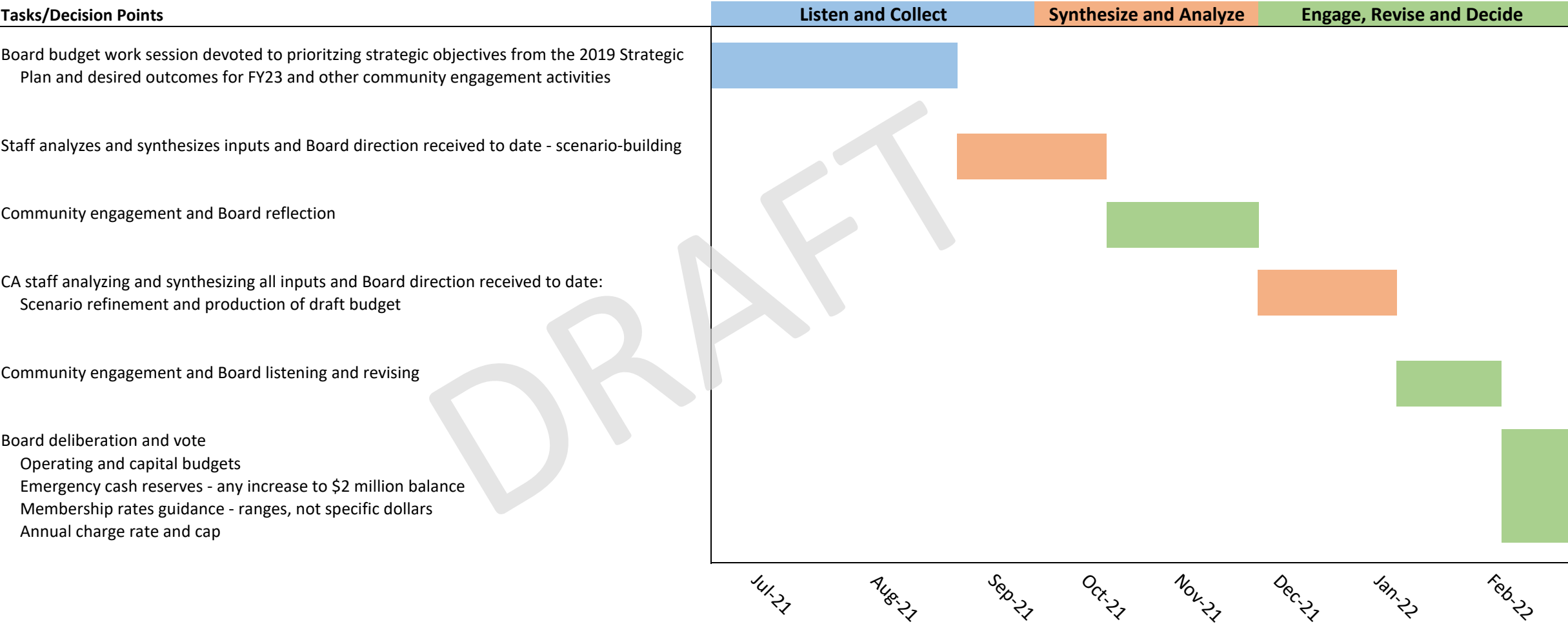
**8. Adjournment** - The meeting was adjourned at 9:00 p.m.

Respectfully submitted,

Wendy Trilling

Recording Secretary

PROPOSED BUDGET SCHEDULE FOR FY 2023 -- ENGAGEMENT PROCESS  
JULY 8, 2021





June 30, 2021

To: Members of the Columbia Association Board of Directors

From: Susan Krabbe, Vice President/Chief Financial Officer

Cc: Lakey Boyd, President/CEO  
Kristin Russell, Director of Planning and Community Affairs  
Jackie Tuma, Director of Audit and Advisory Services

Subject: Villages' FY21 Excess Cash Reserves

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### **Background**

CA has a longstanding commitment to allocate a portion of the CA annual charge to the ten village community associations ("villages"). While it is sometimes referenced as "pass through," it is actually the responsibility and right of CA to assess, bill and collect the annual charge in its entirety. The share of the annual charge paid by CA to the villages is required to be reported to the IRS by all parties as a grant. This distinction is important because it reflects the shared fiduciary responsibilities CA and the villages have for oversight of the funds collected from annual charge payers. The alternative to this practice would be for each village to collect its own fees and assessments in accordance with its individual governing documents.

In FY21, the share of annual charge and other direct support provided to the villages by CA totaled \$6.1 million:

Annual charge share	\$	3,393,500
Other funding/support *	\$	2,710,900
<b>Total - FY21</b>	<b>\$</b>	<b>6,104,400</b>

\*Includes employee benefits, legal (covenant) fees, repairs & maintenance, depreciation, insurance, taxes, interest, and administrative support.

The current structure around the amount of the share of annual charge for villages was developed through a joint effort between CA staff and village managers and then approved by CA's Board FY18. The methodology is designed to fund the villages' mission-related functions and defray some of the costs associated with occupying CA buildings.

For many years, the management contract between CA and each village has specified the amount of cash reserves that can be retained by each village (currently 20% of operating expenses), with any excess beyond that threshold returned to CA. This enables the villages to receive funds needed for operations while retaining reserves for unexpected expenditures. Any excess returned to CA supports community-wide operating and capital expenditures.

June 30, 2021

To: Members of the Columbia Association Board of Directors

From: Susan Krabbe, Vice President/Chief Financial Officer

Subject: Villages' FY21 Excess Cash Reserves

### **Modifications to FY21 Cash Reserves**

Given the impact of the pandemic on operations, CA's Board of Directors recognized that the villages were concerned about the adequacy of their FY21 cash reserves. Therefore, the Board approved a resolution on April 22, 2021 enabling the villages to retain funds beyond the threshold specified in the management contract. The cash reserves permitted *in addition to the 20% threshold* are currently as follows:

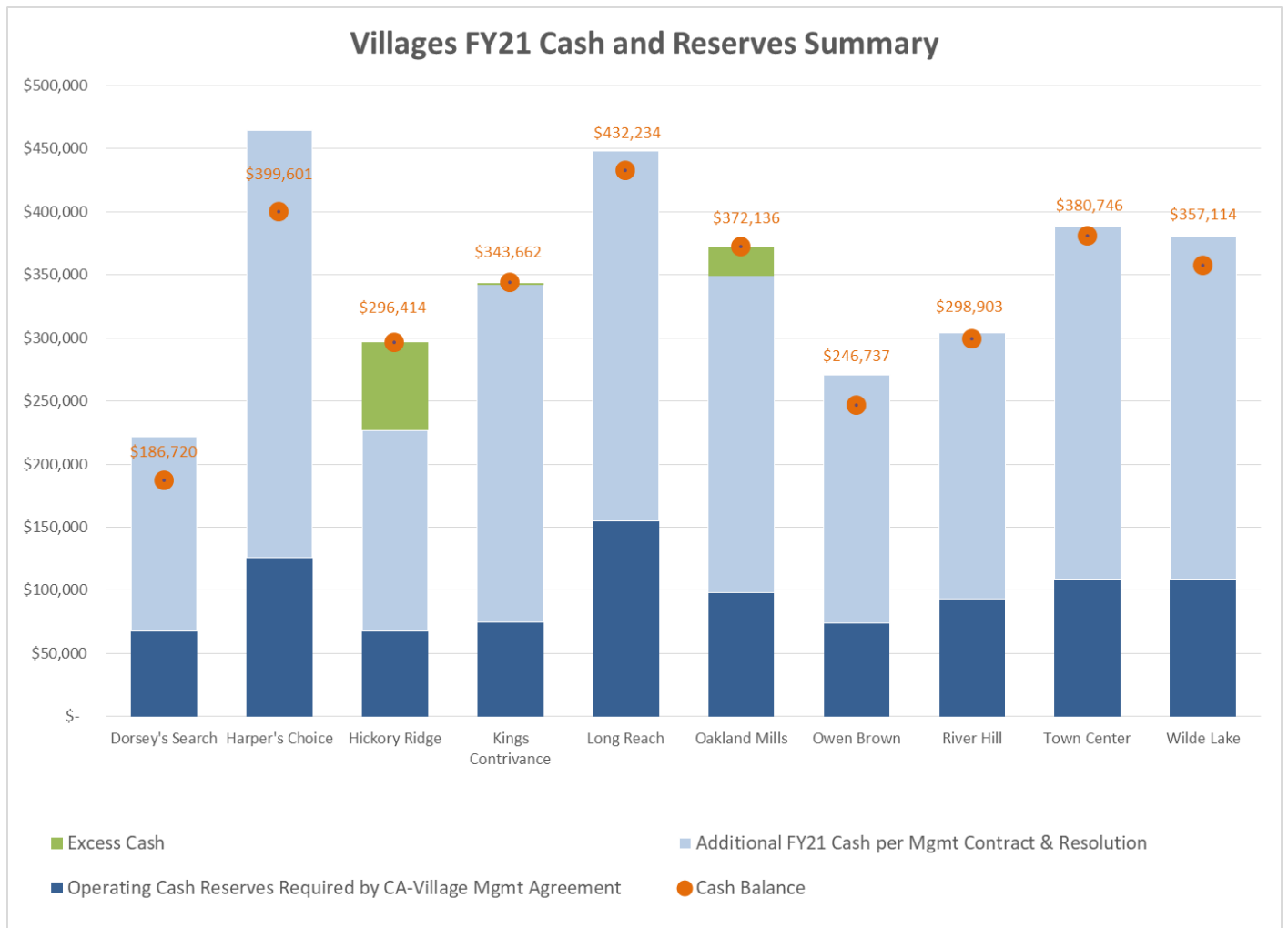
<u>Description</u>	<u>Year of exclusion</u>	<u>Amount</u>
FY21 Add'l annual charge share (8.58%)	FY21 only	\$ 291,000
Unspent CARES grants/loans	FY21 only	\$ 283,000
Retained FY17 Excess Cash Reserves (FY19-21) for HC, OM, OB, and WL	FY21 (final year)	\$ 61,000
Dissolvment of contingency fund	Ongoing	\$ 304,000
		<u><u>\$ 939,000</u></u>

Notes:

- (1) Villages' liabilities, deferred revenue, and savings for upcoming audits are also excluded from the cash/investments subject to the cash reserves cap.
- (2) See attachment for breakdown by village.

### **Estimated FY21 Excess Cash Reserves and Cash/Investment Balances**

The villages' cash balances in relation to allowable cash reserves are reflected in the following graph (based on estimates provided by village managers):



**Notes:**

- FY21 excess cash calculations are based on average operating expenses for the period FY19 - FY21, per the recommendation below.
- Estimates provided by village managers.

Villages' cash and investments at the end of FY21 as compared to the preceding two years are as follows:

	Cash and Investments		
	4/30/2021	4/30/2020	4/30/2019
Dorsey's Search	\$ 186,720	\$ 165,433	\$ 167,796
Harper's Choice	\$ 399,601	\$ 344,094	\$ 363,510
Hickory Ridge	\$ 296,414	\$ 231,253	\$ 229,208
Kings Contrivance	\$ 343,662	\$ 272,870	\$ 193,321
Long Reach	\$ 432,234	\$ 549,029	\$ 444,987
Oakland Mills	\$ 372,136	\$ 393,125	\$ 328,358
Owen Brown	\$ 246,737	\$ 224,690	\$ 221,623
River Hill	\$ 298,903	\$ 301,622	\$ 282,299
Town Center	\$ 380,746	\$ 322,082	\$ 345,479
Wilde Lake	\$ 357,114	\$ 410,455	\$ 357,730
<b>Total</b>	<b>\$ 3,314,267</b>	<b>\$ 3,214,653</b>	<b>\$ 2,934,311</b>

Note: FY20 cash and investment balances have been adjusted for comparability since the FY21 first quarter annual charge share was distributed after April 30, 2020.

### **Conclusion and Recommendation**

While CA's commitment to the villages is clear, it is incumbent upon both CA and the villages to exercise good stewardship of the annual charge share, including being able to justify expenditures and the need/extent of cash reserves.

In FY21, the villages experienced a significant decrease in both revenue and expenditures related to building rental and other operations, while the annual charge share from CA remained largely at pre-pandemic levels. Some villages also obtained CARES grants and/or loans. As a result, and as reflected in the chart above, the villages' total FY21 cash and investments exceeds the prior two years. To further ensure that funds are sufficient to resume normal operations, CA's Board decided that the villages can retain additional cash reserves in FY21.

For these reasons, staff recommends that any FY21 excess cash be returned to CA, with two additional amendments:

- 1) Calculate excess cash based on average operating expenses for FY19 - FY21, since FY21 was not a typical year in terms of expenditures. This allows the villages to retain *additional cash reserves* to handle unforeseen reopening challenges (for the FY21 calculation only).
- 2) CA will invest any excess cash in the village from which it came, with a focus on environmental improvement projects such as bio retention ponds, rain gardens and reforestation.

**Attachment**

<b>Cash Reserves in Addition to the 20% Threshold of Operating Expenses</b>											
	<b>DSCA</b>	<b>HCCA</b>	<b>HRCA</b>	<b>KCCA</b>	<b>LRCA</b>	<b>OMCA</b>	<b>OBCA</b>	<b>RHCA</b>	<b>TCCA</b>	<b>WLCA</b>	<b>Total</b>
FY21 Add'l annual charge share (8.58%)	\$ 25,105	\$ 30,891	\$ 26,172	\$ 25,065	\$ 44,310	\$ 30,063	\$ 27,985	\$ 24,542	\$ 25,770	\$ 31,306	\$291,209
Unspent CARES grants/loans	-	96,200	-	96,447	-	20,000	10,000	-	20,000	40,000	282,647
Retained FY17 Excess Cash Reserves (FY19-21) for HC, OM, OB, and WL	-	17,287	-	-	-	21,346	4,430	-	-	17,866	60,929
Dissolvement of contingency fund	30,364	30,364	30,364	30,364	30,364	30,364	30,364	30,364	30,364	30,364	303,640
	<u>\$ 55,469</u>	<u>\$174,742</u>	<u>\$ 56,536</u>	<u>\$151,876</u>	<u>\$ 74,674</u>	<u>\$101,773</u>	<u>\$ 72,779</u>	<u>\$ 54,906</u>	<u>\$ 76,134</u>	<u>\$119,536</u>	<u>\$938,425</u>

## Proposed Scale and Evaluation:

### Scale:

- 4 - Exceeds Expectations- Performs above & beyond expectations
- 3 - Meets All Expectations - Always meets expectations
- 2 - Meets Most Expectations - Often meets expectations
- 1 - Meets Some Expectations - Meets some expectations but not consistently
- 0 - Does not meet expectations - Rarely or never meets expectations
- N/A - Not applicable or has not been observed

## Proposed President/CEO goal categories:

- Financial Leadership
- Strategic Development
- Board Relations
- Ethics, Leadership and Culture
- Community Engagement
- Strategic Partnerships

## Proposed Schedule:

- By July 31: Finalize evaluation and scoring methodology.
- Nov 1-15: Board completes mid-year review.
- By Nov 30: Results of mid-year review shared with board, Pres/CEO and HR.
- Dec 1-Jan 31: Solicit feedback on the evaluation process; Discuss and make any necessary adjustments to the process.
- April 1-11, 2022: Board completes end-of-year review
- April 12-22: Window for compiling results and final report
- Week of April 24: Present results to President/CEO



Financial Leadership/Stewardship of Resources	Choose Applicable Performance Rating & Include Comments					
	0	1	2	3	4	N/A
<ul style="list-style-type: none"> <li>Financial results in the past year met or exceeded CA's financial goals.</li> <li>Sets the tone for financial discipline and the importance of financial balance to achieve the mission and vision.</li> <li>Engages the audit committee in robust dialogue about financial reports and plans, providing sufficient and clear information about progress and results achieved.</li> <li>Ensures an annual audit of financial operations, with a careful and thorough review by the Board.</li> <li>Presents budget discussions to communicate trade-offs and provide scenarios to facilitate understanding during decision making.</li> <li>Conduct ongoing assessment of CA program/service relevance and impact.</li> </ul>	Comments:					

**CEO Self-Evaluation Rating:**  
President/CEO Comments:



Strategic Development	Choose Applicable Performance Rating & Include Comments					
	0	1	2	3	4	N/A
<ul style="list-style-type: none"> <li>• Collaborates with the Board to set strategic direction for the organization.</li> <li>• Develops, communicates and leads the implementation of the strategic plan in a manner consistent with CA's mission, vision and values.</li> <li>• Engages internal and external stakeholders to develop strategies and plans to move CA in the desired direction.</li> <li>• Ensures that short-term and long-term goals and priorities are communicated and well understood by the Board, team members, villages and the community at large.</li> <li>• Considers evolving internal and external trends and factors, and adjusts and plans as necessary.</li> </ul>	Comments:					

<b>CEO Self-Evaluation Rating:</b> President/CEO Comments:
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Board Relations	Choose Applicable Performance Rating & Include Comments					
	0	1	2	3	4	N/A
<ul style="list-style-type: none"> <li>• Keeps the Board well-informed of important developments and issues.</li> <li>• Ensures positive working relations with the Board founded on honesty, trust and collaboration.</li> <li>• Engages internal and external stakeholders to develop strategies and plans to move CA in the desired direction.</li> <li>• Recommends appropriate actions for Board consideration; providing clear and timely information for deliberation and decision-making when appropriate.</li> <li>• Ensures continuous education for the Board on issues/topics important to ensure effective, evidence based governing leadership.</li> </ul>	Comments:					

<b>CEO Self-Evaluation Rating:</b> President/CEO Comments:
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Ethics, Leadership and Culture	Choose Applicable Performance Rating & Include Comments					
	0	1	2	3	4	N/A
<ul style="list-style-type: none"> <li>• Combines strong ethical judgement with technical management skills.</li> <li>• Exhibits values of fairness, honesty and compassion.</li> <li>• Maintains a high level of commitment to the mission and vision.</li> <li>• Provides focused and effective leadership that ensures commitment to CA's mission and vision.</li> <li>• Sets organizational tone that attracts, retains, motivates and develops a highly qualified workforce.</li> <li>• Sets the tone for diversity, equity and inclusion within CA and within the community.</li> <li>• Embeds importance of the member experience throughout CA.</li> <li>• Values a diversity of opinions.</li> </ul>	Comments:					

**CEO Self-Evaluation Rating:**

President/CEO Comments:



### President/CEO Goals and Objectives

Community Engagement	Choose Applicable Rating & Include Comments					
	0	1	2	3	4	N/A
<ul style="list-style-type: none"><li>• See improvement in CA's digital experience for all stakeholders across existing and new platforms and channels.</li><li>• Increase CA's engagement in Howard County planning processes in public forums and support resident awareness.</li><li>• Frame-out, vet, and pilot Columbia Association 101 citizen sessions.</li><li>• Build out interactive sessions around important community topics that CA has a role in and conduct for all 10 villages for citizen education.</li></ul>	Comments:					

**President/CEO Self Rating:**

President/CEO Comments:



CA's Relevance as Key Partner	Choose Applicable Rating & Include Comments					
	0	1	2	3	4	N/A
<ul style="list-style-type: none"> <li>● Build connections with community stakeholders and organizations, both long-established and those not historically engaged, for Columbia's benefit.</li> <li>● Join forces with respected partners around understanding, improving, and enhancing diversity, equity, and inclusion within CA and across the community.</li> <li>● Ensure the complexity of CA is easy to navigate for our stakeholders.</li> <li>● Leverage hiring as strategic positioning for CA's identity and future.</li> </ul>	Comments:					

**President/CEO Self Rating:**  
President/CEO Comments:



July 22, 2021

To: Columbia Association Board of Directors  
Lakey K. Boyd, President/CEO

From: Susan Krabbe, Vice President and Chief Financial Officer

Cc: Dan Burns, Director; Department of Sport and Fitness  
Tim Pinel, Chief Marketing Officer  
Lynn Schwartz, Director of Finance/Treasurer

Re: Dashboard Metrics

The dashboard for the fourth quarter of FY 2021 is attached. The table below describes the metrics, and notes the data source and date of the measurement. We returned to the previous format of Clarabridge surveys, versus the wellbeing survey of current, former and frozen members that was conducted in January 2021 due to the pandemic.

	<b>Metric</b>	<b>Description/Purpose</b>	<b>Data Source</b>	<b>Date of Measurement</b>
1	Past Due Membership Accounts	To monitor collections by tracking the trend in actual past due membership accounts	Spectrum NG reports	As of April 30, 2021
2	CA People Productivity = personnel costs divided by non annual charge revenue	To monitor the revenue production from CA's investment in the work force	Infor (Lawson) reports	Actual data through April 30, 2021
3	Free Cash Flow	To monitor liquidity by tracking cash flow from operations less debt principal payments less paid capital expenditures	Infor (Lawson) reports	Actual data through April 30, 2021
4	Net Assets to Debt Service (should be greater than 1.25:1.00)	To monitor CA's financial condition, in accordance with the terms of existing financing	Infor (Lawson) reports	Actual data through April 30, 2021
5	Total Liabilities to Total Net Assets (should be less than 1.30:1.00)	To monitor CA's financial condition, in accordance with the terms of existing financing	Infor (Lawson) reports	Actual data through April 30, 2021
6	Return on Investment – Buildings, Major Amenities	To measure and monitor the cost of maintaining CA's major facilities by comparing annual repairs and maintenance costs to revenue and square footage	Infor (Lawson) reports	Actual data through April 30, 2021

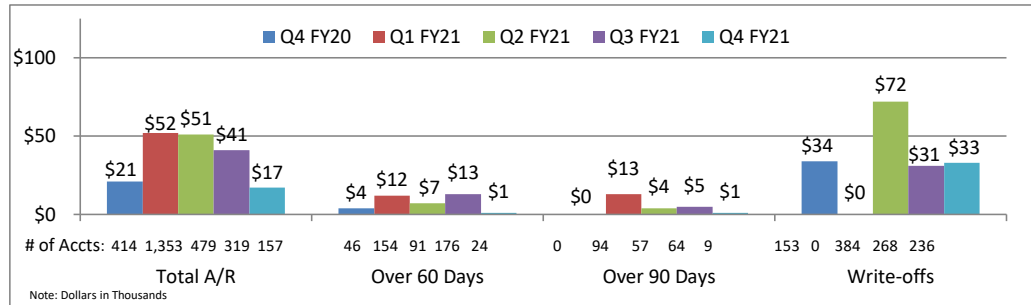
	<b>Metric</b>	<b>Description/Purpose</b>	<b>Data Source</b>	<b>Date of Measurement</b>
7	Net Membership Changes	To monitor member retention/growth by major membership category over time	Spectrum NG reports and sales data collected by the Customer and Member Service Center	Data as of April 30, 2021. This is provided with the FY 21 Q4 financial reports.
8	Market share for memberships and Columbia Cards	Per Board request – to track memberships per housing unit	Spectrum NG reports and Howard County data	Actual membership data through April 30, 2021. Housing data updated annually by Howard County.
9	Marketing Cost per Membership	To monitor marketing effectiveness	Spectrum reports and marketing expenditure data tracked by staff	Actual data as of April 30, 2021
10	Top 50 Associated Words by Volume	Indicates general satisfaction/dissatisfaction of program and facility users	Clarabridge surveys	Responses as of April 30, 2021
11	Survey results for various topics such as cleanliness, satisfaction with staff, facilities, classes, etc.	Provides more specific feedback from program and facility users to drive improvements	Clarabridge surveys	Responses as of April 30, 2021
12	Summarized Survey Results by Survey Source	Very high-level survey results by the source of the survey, such as the CA website, Facebook, etc.	Clarabridge surveys	Responses as of April 30, 2021
13	Effort	Numerical value that indicates survey responses as to “how hard is it to do business with CA”	Clarabridge surveys	Responses as of April 30, 2021
14	Net Promoter Score (“NPS”) – Overall CA (Sport & Fitness)	Numerical value that indicates survey responses as to the likelihood a customer will refer the program to someone else – overall CA.	Clarabridge surveys	Responses as of April 30, 2021
15	NPS – Pools	See above – pools	Clarabridge surveys	Responses as of April 30, 2021
16	NPS – Fitness Clubs	See above – fitness clubs	Clarabridge surveys	Responses as of April 30, 2021
17	NPS – Golf	See above – golf courses	Clarabridge surveys	Responses as of April 30, 2021
18	NPS - Tennis	See above – indoor and outdoor tennis	Clarabridge surveys	Responses as of April 30, 2021
19	Volume of Survey Results by Program or Facility	Provides more context for other metrics by showing how many surveys were received per program	Clarabridge surveys	Responses as of April 30, 2021

# Dashboard - Metrics 1-6

As of April 30, 2021 (\$'000)

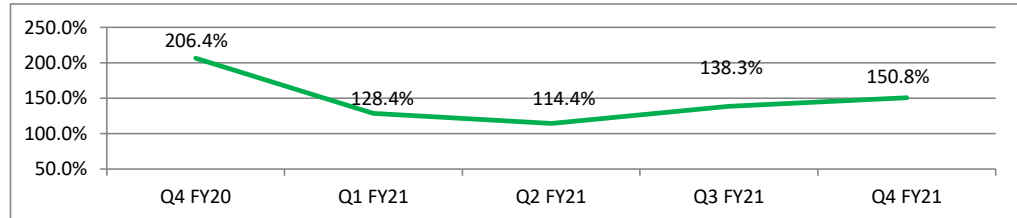
## METRIC 1

### Membership A/R Balance



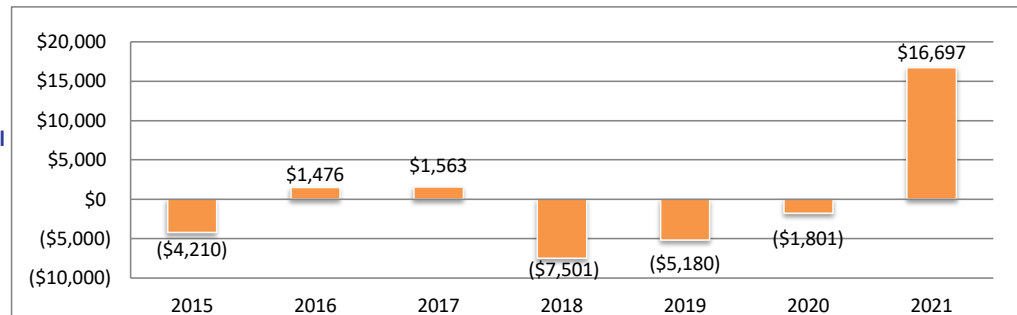
## METRIC 2

### People Productivity (personnel costs divided by non-annual charge revenue)



## METRIC 3

### Free Cash Flow (cash flow from operations less debt repayments and capital expenditures)



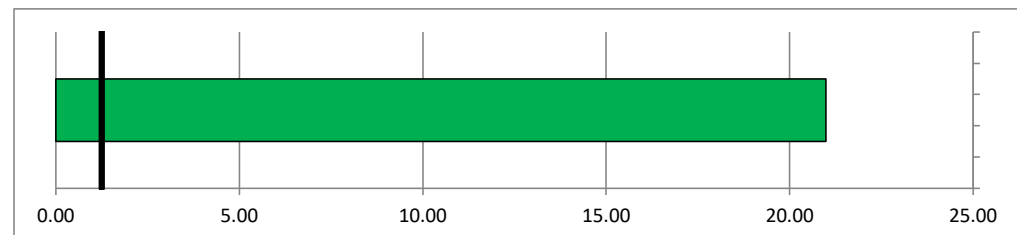
## METRIC 4

### Net Assets to Debt Service (debt service equals principal payments on long-term debt plus interest expense)

\$103,779/\$4,945

Actual 20.99

Audited - As of April 30, 2021



## Dashboard - Metrics 1-6

As of April 30, 2021 (\$'000)

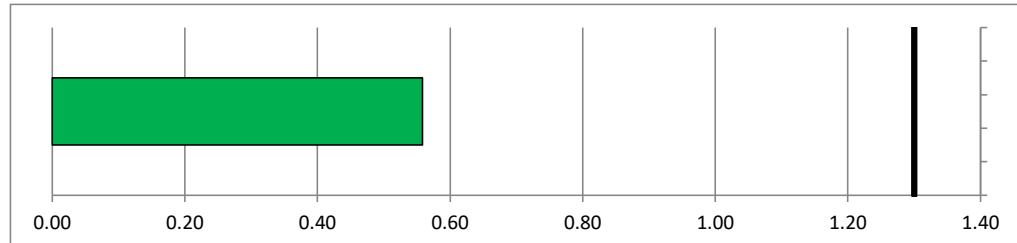
### METRIC 5

Audited - As of April 30, 2021

Total Liabilities to Total  
Net Assets

\$57,945/\$103,779

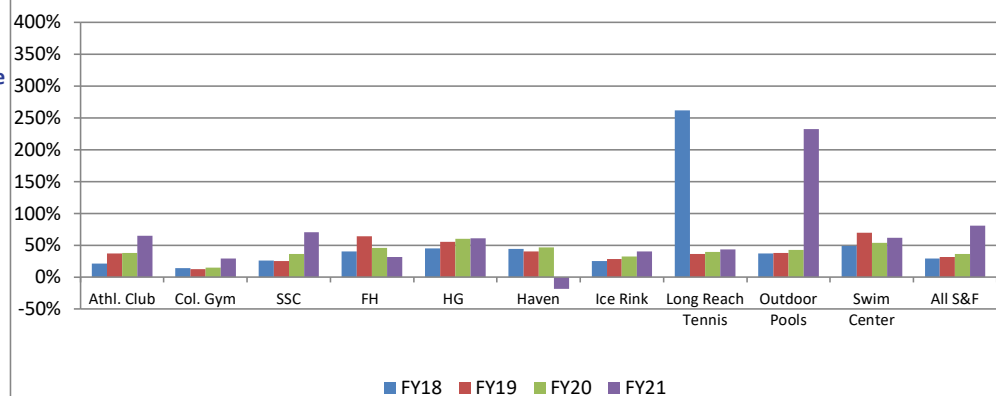
Actual .56



Should be less than 1.30 to 1.00 on an annual basis

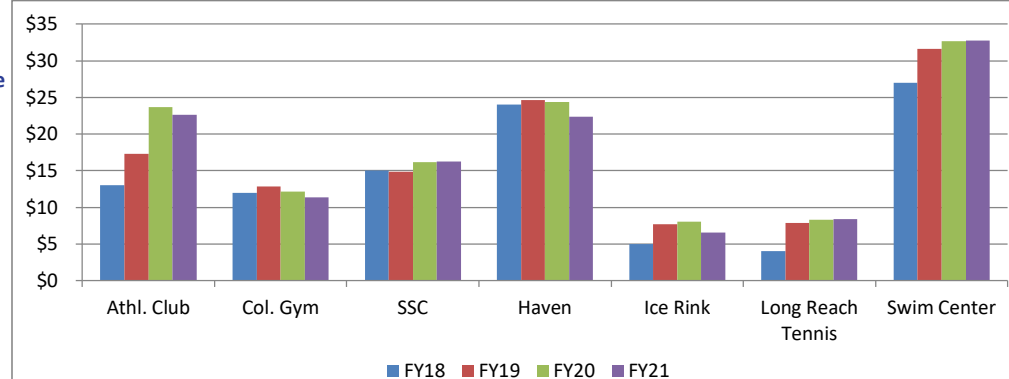
### METRIC 6a

Depreciation and  
Repairs & Maintenance  
Expense as a % of  
Revenue



### METRIC 6b

Depreciation and  
Repairs & Maintenance  
Expense per Square  
Foot



# Advertising Effectiveness Report *FY20 Q1–FY21 Q4*

## New Membership Acquisition

Goal: \$150-\$250 marketing cost per new membership

	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4
Total Investment <sup>1</sup>	\$155,703	\$75,250	\$126,961	\$97,316	\$10,693	\$37,813	\$65,989	\$161,260
Total Lead Page Views: <sup>2</sup> (Membership related)	150,081	76,037	40,140	27,820	22,752	39,313	95,144	104,375
Unique Form Submissions <sup>3</sup>	1,210	798	609	406	426	494	1,116	1,500
New Memberships								
CA Fit&Play	519	229	223	91	52	78	89	213
Other Memberships <sup>4</sup>	1,546	772	731	308	195	363	380	741
Total New Memberships	2,065	1,001	954	399	247	441	469	954
Cost of New Membership Acquisition								
100%	\$75	\$75	\$133	\$244	\$43	\$86	\$141	\$169
90%	\$84	\$84	\$148	\$271	\$48	\$95	\$156	\$188
80%	\$94	\$94	\$166	\$305	\$54	\$107	\$176	\$211
70%	\$108	\$107	\$190	\$348	\$62	\$122	\$201	\$241
60%	\$126	\$125	\$222	\$406	\$72	\$143	\$235	\$282
Average Cost of New Membership Acquisition								
100%				\$118				\$146
90%				\$131				\$162
80%				\$148				\$182
70%				\$169				\$208
60%				\$197				\$243

<sup>1</sup>Investment was updated for all quarters to include Haven membership advertising costs.

<sup>2</sup>Total page views numbers were adjusted to include Haven.

<sup>3</sup>Unique form submissions were updated to include Haven's submissions.

<sup>4</sup>Other membership numbers were updated to include Haven memberships and add-ons.

*FY20 Q4 investment, page views, form submissions and new memberships decreased significantly due to facility closures for the COVID-19 pandemic.*

## Membership Market Share (CA residents only)

*FY21*

Fiscal Year	Columbia Cards A	Columbia Resident Membership B	CA Residential Units C	Market Share (Including Columbia Cards) D=(A+B)/C	Market Share (Excluding Columbia Cards) E=B/C
FY2021 Q1	4,405	10,214	37,006	39.5%	27.6%
FY2021 Q2	4,383	8,226	37,006	34.1%	22.2%
FY2021 Q3	4,386	7,397	37,006	31.8%	20.0%
FY2021 Q4	4,372	7,341	37,006	31.7%	19.8%

- "Columbia Resident Membership" (column B) assumes only one membership per household.
- Market share percentages use Columbia housing units as the unit of measure, including housing units of employees. This information is updated by the Howard County Department of Planning and Zoning.
- "Columbia Resident Membership" (column B) does not include employee memberships.

# Advertising Tactics

*Tactics completed in FY21 Q4*

## **Social Media**

- Paid advertising on Facebook, Twitter and Instagram

## **Online/Digital**

- Pay-per-click ads (*paid search*)
- Digital banner ads through Google Display Network



n= 790



# FITNESS CENTER

## NPS



# TENNIS NPS

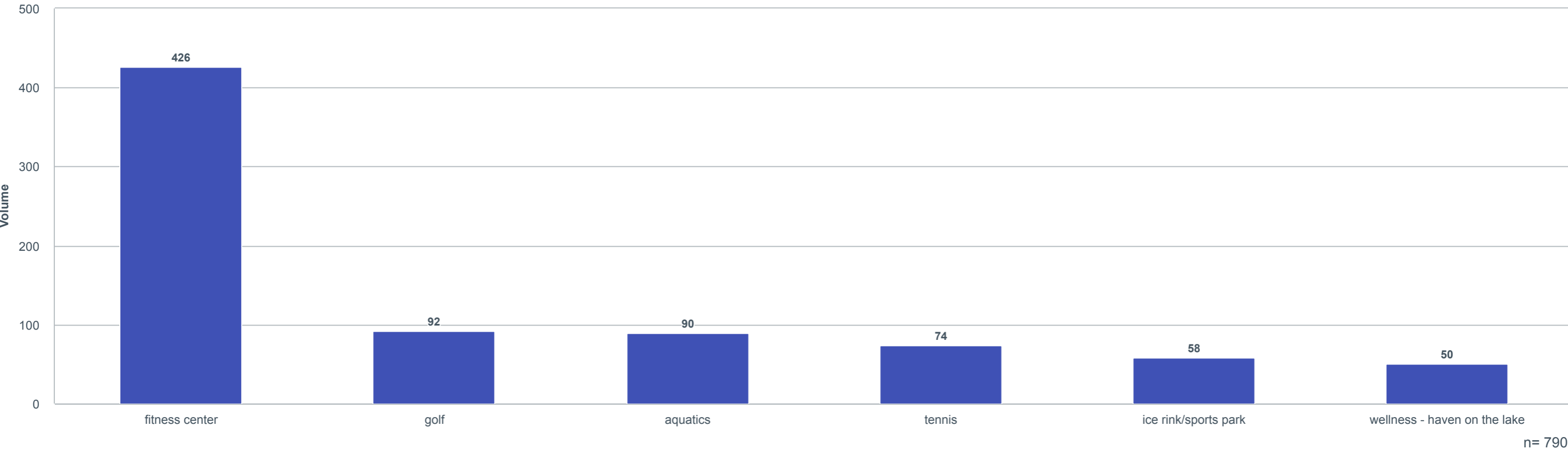


# Haven on the Lake

## NPS



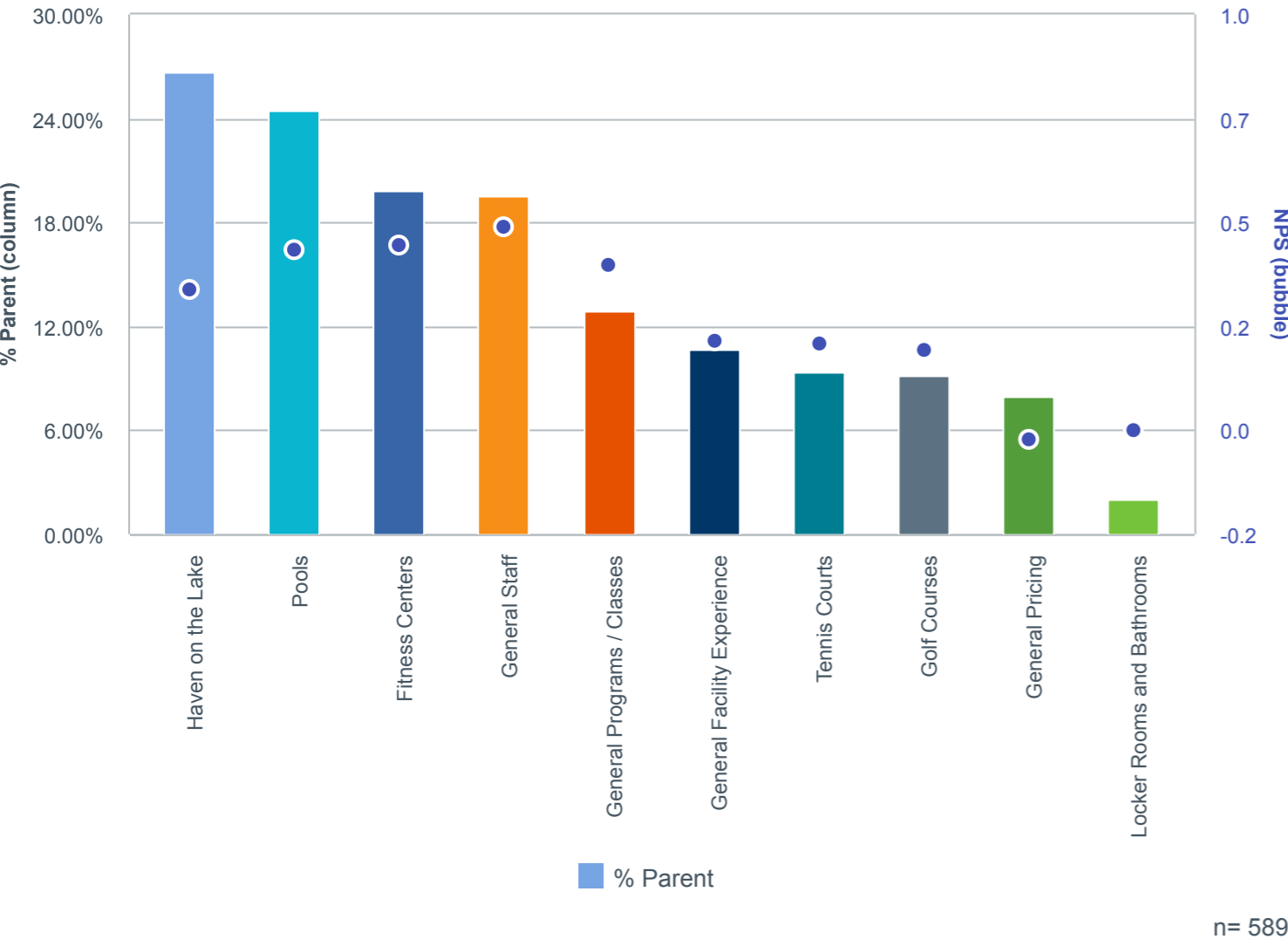
Volume by Region



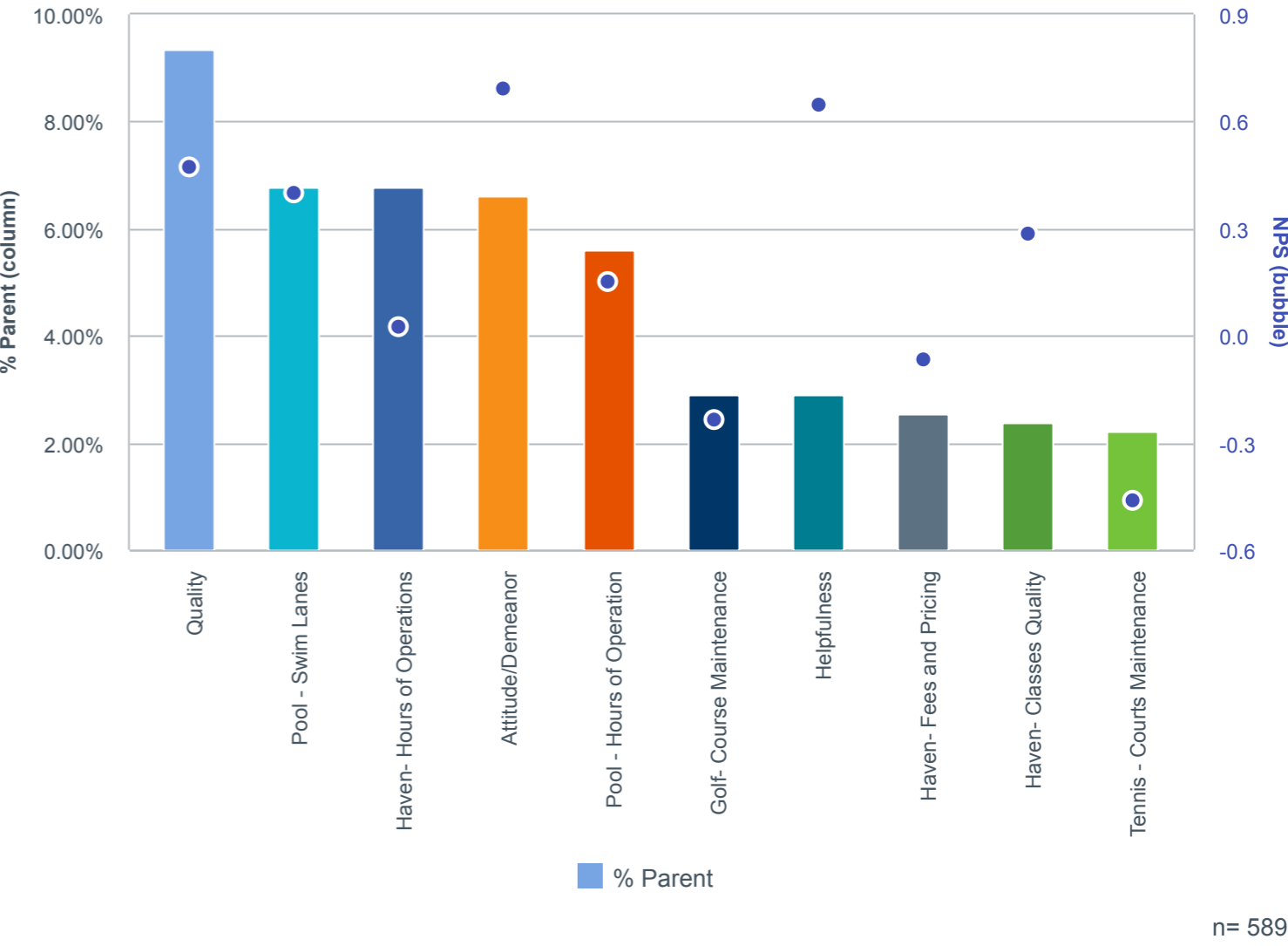
Takeaways:

- **NPS:** Overall NPS was 40.9, one of our highest scores to date. This is including a -4 at Haven on the Lake due to the pending (at the time of the survey) closing. When we first began using Clarabridge, our scores were consistently in the low 30's.
- **NPS:** Overall Fitness NPS was 47.7 and was driven largely by the staff and the safety response to the pandemic. Supreme Sports Club had the highest fitness club NPS of the three fitness centers at 48.7. Note that when Tavia Patusky was hired as the General Manager, SSC had an NPS of 17 and her leadership has driven the most dramatic turnaround of any of our facilities.
- **Sentiment:** The sentiment (positivity or negativity of comments) was slightly positive at .42 (-5 to 5 scale) with positive comments on safety and staff helpfulness and more negativity around the desire to lessen the restrictions that were in place at the time of the survey. The outdoor pool conversation was either positive or negative depending on the information the member had at the time on summer outdoor pool plans.
- **Effort:** Overall Effort was slightly negative (viewed as harder) at -.45 (scale -5 to 5). This was mostly driven by class restrictions and mask mandates.
- **Gender:** NPS was slightly more positive for Female members at 43 versus 39 for Males.

Main Areas of Conversation (High Level View)



Main Areas of Conversation (More Detail)



July 2021 Board Actions:															
	Vote on NT positioning paper - complete														
	Approve Pres/CEO goals, format and calculation methodology -in progress, on track														
July 22, 2021 Meeting Discussion:															
	Confirm subcommittee for Symphony Woods and expected focus														
	Preliminary conversations on how to determine target channels for outreach														
	Q1					Q2									
	6/20/2021	7/4/2021	7/18/2021	8/1/2021	8/15/2021	8/29/2021	9/12/2021	9/26/2021	10/10/2021	10/24/2021	11/7/2021	11/21/2021	12/5/2021	12/19/2021	
CURRENT PRIORTIES															
Pres/CEO Eval	Approve goals, format and methodology										Mid-Year Review		Process Adjustment based on fee		
Symphony Woods		Subcommittee Created		Meetings Begin		Info Gathering and Analysis				Provide recommendation for board position on Development, Maintenance, Programming, Access					
HoCo General Plan	Create and Adopt Position Paper Continued participation in NT Charettes			Identify Opportunities to Pursue Target Opportunities with Largest Impact			Establish Positions				Village and Community Outreach/Engagement				
Community Engagement			Preliminary convos around potential venues for broader reach.			Virtual Town Hall and Surveys Identify Three New Channels to reach broader demos					Get Input from MarComm and Create Plan for Reaching Demos through Identified Cha				

# Communications & Marketing Update Presentation Outline

## **Communications**

*Getting out of our comfort zone (5 minutes)*

## **Customer Care**

*Thousands and thousands served (5 minutes)*

## **Marketing**

*Doing so much more with what we have (5 minutes)*

## **Website**

*Align with the needs of our programs and customers (5 minutes)*



## **DISCUSSION**

## Chair's Remarks

## July 22, 2021 CA Board Meeting

On my mind:

- There is positive change happening at CA with new and expanded ways to gather information about what is important to people in Columbia, including through [Columbia Conversations](#). It's a great starting point for meaningful understanding about what matters.
- I'm happy to see the board embracing the idea of subcommittees as a way to ensure we make progress toward our board priorities, as well as experiment with how we can better structure and use them.

<u>Date</u>	<u>Activity</u>	<u>Time</u>
7/25/21	<a href="#">Ice Rink Open House</a>	1:00-5:00 PM
Various	<a href="#">Lakefront Summer Festival</a> - movies and concerts	Various
Fridays	Dancing Under the People Tree	7:00-8:00 PM
8/3/21	US Coast Guard Band - Chrysalis	7:00-9:00 PM
8/5/21	First Thursdays in Symphony Woods with Free Yoga	5:00-7:00 PM, RR
8/7/21	Baltimore Fest - Multicultural Music and Arts Festival in Symphony Woods (Paid)	10:00 AM-8:00 PM
8/22/21	Music of Puerto Rico with Cultura Plenera in Symphony Woods	5:00-7:00 PM

RR = Registration Required or there is a Cost associated with this Activity

CA publishes a number of e-notifications to help keep the community informed. You can sign up for various CA e-notifications at [www.columbiaassociation.org/e-notifications/](http://www.columbiaassociation.org/e-notifications/)

CA Board regularly scheduled work sessions and meetings are now live-streamed on YouTube. Please see [www.columbiaassociation.org/about-us/leadership/board-of-directors/live-recorded-ca-board-meeting-videos/](http://www.columbiaassociation.org/about-us/leadership/board-of-directors/live-recorded-ca-board-meeting-videos/) .

If you wish to speak at one of the CA Board's meetings, please see <https://www.columbiaassociation.org/about-us/leadership/board-of-directors/resident-speakout/> .



# President's Report

*This is a new format for the President's Report for Columbia Association. This format is striving to distill a lot of work into a quickly digestible format that is an easy-to-understand snapshot of a complex community organization. Included are key points about what we are busy doing at CA to better serve Columbia in a wide variety of ways, a celebration of our CA points of pride, and the sharing of some of the content that is shaping CA's President/CEO's perspective.*

---

## From Lakey Boyd's Desk:

### Looking Forward

"The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday's logic." - Peter Drucker.

### Professional Reading

["We Need More Public Space for Teen Girls."](#) Bloomberg, Alexandra Lange (2021 May 28).

### Personal Reading

[Crucial Conversations](#). AI Switzler, 2002.

### Visiting the Archives

"So the first basic achievement of the Columbia Association was to permit this spreading of cost to permit a higher quality of life for the first residents than might otherwise be possible. And second, to create in the Columbia Association ... an available entrepreneur in the public interest. Being in existence, having a staff, having available funds... it meant... It means that as we go forward, as you go forward, it's the Columbia Association's business to seek to discover with you whatever it is that ought to be done that it could do. And that could be paid for by the people over time."

-Transcription of Town Meeting, 1967, page 11 (RGI JWR Papers-S3-b13-f Columbia Association, 1967-1968)



## Last Month at CA:

- Partnered with Howard County and the Inner Arbor Trust to welcome the community back to the Lakefront for a record-breaking turnout on July 4th for entertainment and fireworks. CA's Open Space, Communications/Marketing, and Sport & Fitness departments were all involved and engaged. Provided Open Space team member resources at the Fourth of July parades in River Hill and Harpers Choice as well.
- Updated the interaction and format of the annual meeting for CA's Advisory Committees to report to the Board of Directors. Each advisory committee gave a presentation to the Board of Directors at the July 15 work session highlighting two impactful accomplishments from the past (or pre-pandemic) fiscal year, two priorities for FY 2022, opportunities for CA's BOD to benefit from each advisory committee, and opportunities for CA BOD to serve each advisory committee better.
- Supported smooth and timely processes for both audits so that audited financial statements and reports will be presented to the CA Board and the Audit Committee on July 20.
- Prepared a comprehensive MBE vendor analysis and update for the June Board work session.
- Launched a new summer landing page on the CA website to keep the community up to date on the latest summer happenings and information at CA.
- The Youth and Teen Center Summer Drop-In Recreation Program re-opened on June 28 for teens.
- Summer camp is underway and going well at both Columbia Art Center (Summer Art Camp) in Long Reach Village Center and Youth and Teen Center (Camp Extra) in Oakland Mills Village Center.
- Continued to participate in Howard County General Plan Update process by attending charrette and assisting the CA Board of Directors in developing a BOD position statement.
- Over 2,300 CA memberships returned between May 1 and June 30, 2021.
- The Maryland High School State Tennis Championships were held at Wilde Lake Tennis Club with over 500 participants attending.

## Next Month at CA:

- July is Lake Appreciation Month. We have been working on a set of videos designed to help our residents understand what vegetation grows in our lakes, how CA manages it and what residents can do to help reduce the amount of vegetation in our lakes.
- We will be advancing the rooftop solar projects at the Columbia Swim Center, Supreme Sports Club, and Columbia SportsPark, and also facilitating the procurement process for the LED lighting retrofit at the Slayton House theater.
- The Diversity, Equity, and Inclusion committee, comprised of employee volunteers, will be making a presentation to the Senior Leadership Team for their first initiative on Pronouns for roll-out to the organization.
- Respond to annual charge customer inquiries and process payments during the heaviest collection month of the year, while continuing to navigate the impact of COVID-19 on both customers and team members.

# President's Report

- Launch electronic payment processing for vendors that have provided their banking information to CA, following a comprehensive set-up and test period with Accounts Payable, Purchasing and IT.
- Major investment in launch and ongoing development of the Columbia Conversation project, including website, partnerships and in-person engagement. This will happen alongside, and in some cases in coordination with increasing our collaboration with other departments to support general outreach and branding efforts in the community.
- School Age Services is currently working with our Maryland State Department of Education licensing specialist to reopen all 20 of our school year locations. All locations that were dormant during the pandemic will have to be inspected before they can reopen at the end of August.
- United States Tennis Association (USTA) Mid-Atlantic 18 & Over Regional and 40 & Over Sectional Championships will be held at Owen Brown Tennis Club.
- We are launching Columbia Athlete Performance Program (CAAP), our youth sports performance program at all three clubs, after a strong trial run..

## Challenges CA is Addressing:

- Ensuring there is a large enough pool of diverse candidates for Senior Leadership Team and management openings that are currently open. We will be keeping an eye on this and will be thoroughly examining the different avenues to attract diverse talent.
- Significant supply chain shortages and very long lead times forcing delays in project completion and additional staff time to source alternate supply.
- Finding ways to encourage people to "stay tuned" to the Columbia Conversation efforts for the latest ways to get involved after initial launch.
- We are finding ways to manage, but staffing is becoming increasingly challenging across multiple departments and divisions.

## CA Departments' Points of Pride:

- The marketing team has continued to support Sport and Fitness with ongoing optimization of advertising and marketing efforts, particularly for fitness-based memberships, contributing to the largest ever member growth in June.
- We achieved our highest overall Net Promoter Score ever in our last survey and with Staff Friendliness and Helpfulness driving the overall score.
- The CA Weed Warriors continue to help improve the condition of open space by removing unwanted nonnative invasive plants and replacing them with native plants, even as the weather heats up and makes working outside difficult.
- Supporting the Maryland DORS (Division of Rehabilitation Services) by providing structured job enrichment experience for 8 weeks.

# INNER ARBOR TRUST, INC.

## JULY 2021 REPORT

COLUMBIA ASSOCIATION BOARD OF DIRECTORS





# FROM THE INNER ARBOR TRUST

Over two months into reopening after the pandemic, the Trust's activities are back into full swing. The Chrysalis is again the center of summer fun in Columbia. The Trust is thrilled to have partnered with so many arts organizations for events in 2021, as well as partnering with Howard County and Columbia Association for the Fourth of July Celebration at the Lakefront.

As events begin to roll forward, the Trust is also working closely with CA as we diligently move the 2021 Concept Plan forward. Currently, our focus is on creating infrastructure.

Notably, thanks to generous donors and sponsors, the Trust was able to work with Howard EcoWorks to begin the installation of conservation landscaping. Similarly, through partnerships with Howard County and CA, the Trust is installing the long-awaited east-west pathway.

While moving forward on current projects, the Trust is also moving forward on prioritizing and fundraising for future capital improvements. Our goal is to maintain our high standard of programming while completing the 2021 Concept Plan within 6 years.

# UPCOMING EVENTS



- 7/18 Chrysalis Kids - Marsha and the Positronics (Free)
- 7/31 Chrysalis Kids - In Treble with Miss Rose featuring DC String Workshop (Free)
- 7/24 Trust "Friendraiser"
- 8/3 U.S. Coast Guard Band (Free)
- 8/5 First Thursday with Bryan Russo (Free)
- 8/7 Music and Arts Festival with Baltimore Fest and HungerFree Zone
- 8/14 CA Community Yoga (Free)
- 8/22 Cultura Plenera (Free)
- 8/29 Chrysalis Kids - Naked Mole Rat Gets Dressed: The Rock Experience (Free)
- 9/26 Concert with Ben & Elena (Free)
- 9/11 CA Community Yoga
- 9/11 Seltzer Festival
- 9/26 Maryland Winds (Free)
- 10/2 Hops & Harvest
- 9/30 Thursday Concert with Moonstone (Free)
- 10/1 Korean Society of Maryland Concert
- 10/9 Howard County PRIDE (Free)
- 10/10 Downtown Columbia Mini Maker Faire (Free)

# SITE AMENITIES UPDATE



## CONSERVATION LANDSCAPING

The Trust and Howard EcoWorks are working closely with CA staff to coordinate the install of 12,000 square feet of conservation landscaping this summer. Crews are currently working on this project. Ten trainees will work on the project this summer.

The teams from the Trust, Howard EcoWorks, and Columbia Association have worked closely together to make this project into a reality. Notably, the highest possible tree protection is being implemented onsite. All work is completed by hand, with the exception of the use of a Aero-vator machine which is being used to decompact the soil. While the Aero-vator is heavy machinery, rather than tilling and potentially exposing roots, the soil is de-compacted through the use of vibrations.

Notably, this project uses the soil amendment biochar to treat runoff before entering the watershed and to strengthen the plants (including trees) being treated. This cutting-edge biochar project will result in both watershed improvements and in improvements to the land.

Volunteers have been assisting Howard EcoWorks crews as this project moves forward. We invite all interested individuals to visit and see this project.



## EAST-WEST PATHWAY

The long awaited east-west pathway is currently under construction. The financial support for the pathway was provided by Howard County Recreation and Parks. We anticipate this pathway being completed by early August.



## JOINT USE RESTROOMS

Unfortunately, despite being finished, these restrooms have not passed County inspection. There has been a plumbing failure and the date of full opening is unknown at this time.

## AMENITIES BUILDING (WEST SIDE RESTROOMS)

Initial concept renderings have been completed for the Amenities Building. The Trust anticipates reviewing these concept drawings first with partners and then with the public as we refine the Amenities Building plan. Most importantly, this building will provide restrooms on the west side of Symphony Woods.





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**TO:** COLUMBIA ASSOCIATION BOARD OF DIRECTORS  
**FROM:** KAREN TURCAN, LEGAL ASSISTANT  
**RE:** 2022 LEGISLATIVE SESSION – PRE-FILED LEGISLATION  
**DATE:** JULY 13, 2021

---

There is not yet any pre-filed legislation in the Maryland General Assembly. The deadline for pre-filing bills is in November, and the 2022 Session convenes on January 12, 2022.

We will continue to monitor for pre-filed bills and other Interim activity of the Maryland General Assembly, including the Howard County Delegation.



**To:** Columbia Association Board of Directors  
**From:** Kristin Russell, AICP, Office of Planning and Community Affairs  
**Subject:** Howard County – HoCo by Design updates  
**Date:** July 15, 2021

There has been no movement related to HoCo By Design and/or the New town charrettes since my memo of July 2. A third and final New Town Design Session is planned for August, though the date(s) have not yet been announced. I will share that information as soon as it is available.

Board Request Tracking Log  
FY 2022  
As of July 15, 2021

AGENDA ITEM 8(f)(1)

	A	B	C	D	E	F
1	<u>Originator</u>	<u>Issue/Task Description</u>	<u>Origination Date</u>	<u>Assigned To (Department)</u>	<u>Due Date</u>	<u>Resolution</u>
2						
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33						

Resident Request Tracking Log  
FY 22  
As of July 15, 2021

AGENDA ITEM 8(f)(2)

	A	B	C	D	E	F
1	<u>Originator</u>	<u>Issue/Task Description</u>	<u>Origination Date</u>	<u>Assigned To (Department)</u>	<u>Due Date</u>	<u>Resolution</u>
2	Joel Hurewitz	Identify the specific statutory authorization for each instance of a policy or procedure requiring a 2/3 vote of CA's Board of Directors	4/23/2021	Administrative Services / President's Office	6/30/2021	Closed as of 6/28/2021
3						
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12						
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14						

**Columbia Association, Inc.**

**Financial Statements**

**April 30, 2021 and 2020**

Columbia Association, Inc.

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Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

DRAFT 7-14-21



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Columbia Association, Inc.  
Columbia, Maryland

We have audited the accompanying financial statements of Columbia Association, Inc. (the Association), which comprise the statements of financial position as of April 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Columbia Association, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of April 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
REPORT DATE

DRAFT 7-14-21

**Columbia Association, Inc.**

**Statements of Financial Position  
April 30, 2021 and 2020  
(in Thousands)**

	<u>Assets</u>	
	2021	2020
Cash and cash equivalents	\$ 14,757	\$ 60
Emergency cash reserves	2,000	-
Accounts receivable, net	2,347	2,022
Prepaid expenses and other assets	1,317	494
Risk management fund	4,627	3,631
Workers' compensation fund	3,595	3,575
Property, facilities and equipment, net	132,794	138,891
Intangible assets, net	287	319
	<hr/>	<hr/>
Total assets	\$ 161,724	\$ 148,992
	<hr/>	<hr/>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Line of credit	\$ -	\$ 9,746
Accounts payable and accrued expenses	16,957	14,274
Deferred revenue	3,870	3,698
	<hr/>	<hr/>
	20,827	27,718
	<hr/>	<hr/>
Term debt		
Term loan, net of deferred financing costs	36,361	20,304
Capital lease obligations	757	54
	<hr/>	<hr/>
Total term debt	37,118	20,358
	<hr/>	<hr/>
Total liabilities	57,945	48,076
	<hr/>	<hr/>
Net assets		
Net assets without donor restrictions	103,779	100,916
	<hr/>	<hr/>
Total net assets	103,779	100,916
	<hr/>	<hr/>
Total liabilities and net assets	\$ 161,724	\$ 148,992
	<hr/>	<hr/>

**Columbia Association, Inc.**

**Statements of Activities  
Years Ended April 30, 2021 and 2020  
(in Thousands)**

	<u>2021</u>	<u>2020</u>
Revenue		
Annual charge	\$ 43,504	\$ 42,090
Sport and fitness	14,341	23,447
Community services	354	3,843
Communications and marketing	246	134
Open space and facility services	275	363
Village community associations	(59)	(6)
Interest income and other	104	345
Unrealized loss on marketable securities	(46)	(8)
Loss on Haven closure	<u>(4,117)</u>	<u>-</u>
Total revenue	<u>54,602</u>	<u>70,208</u>
Expenses		
Program services:		
Sport and fitness	22,417	29,721
Community services	1,898	6,848
Communications and marketing	1,465	2,572
Open space and facility services	12,018	14,709
Village community associations	<u>4,982</u>	<u>4,818</u>
Total program services	42,780	58,668
Supporting services:		
Administrative	<u>8,959</u>	<u>9,830</u>
Total expenses	<u>51,739</u>	<u>68,498</u>
Increase in net assets without donor restrictions	2,863	1,710
Net assets without donor restrictions, beginning of year	<u>100,916</u>	<u>99,206</u>
Net assets without donor restrictions, ending of year	<u><u>\$ 103,779</u></u>	<u><u>\$ 100,916</u></u>

**Columbia Association, Inc.**

**Statements of Functional Expenses  
Year Ended April 30, 2021  
(in Thousands)**

	<b>Sport and Fitness</b>	<b>Community Services</b>	<b>Communication and Marketing</b>	<b>Open Space and Facility Services</b>	<b>Village Community Associations</b>	<b>Total Program</b>	<b>Administrative</b>	<b>Total</b>
Salary, Wages, and Contract Labor	\$ 6,994	\$ 883	\$ 1,045	\$ 3,154	\$ -	\$ 12,076	\$ 4,241	\$ 16,317
Annual Performance Incentives	6	-	-	-	-	6	-	6
Payroll Taxes	611	76	83	258	-	1,028	305	1,333
Employee Benefits	865	233	177	687	-	1,962	603	2,565
Operating Supplies/Expenses	540	9	350	341	10	1,250	102	1,352
Technology Supplies/Expenses	50	5	42	31	-	128	1,106	1,234
Collection and Treasury Expenses	121	12	240	1	-	374	121	495
Fees	325	46	97	1,604	215	2,287	1,286	3,573
Comm. Assoc. Annual Charge Share Grant	-	-	-	-	3,394	3,394	-	3,394
Temporary Funding & Grants Expense	-	45	-	-	-	45	-	45
Rentals	1,178	166	236	88	-	1,668	447	2,115
Utilities	1,091	66	11	101	5	1,274	287	1,561
Insurance & Taxes	856	40	5	275	55	1,231	193	1,424
Repairs & Maintenance	1,802	74	14	1,162	177	3,229	8	3,237
Depreciation	6,475	206	50	3,883	1,041	11,655	222	11,877
Allocations	1,503	37	(885)	433	85	1,173	38	1,211
<b>Total functional expenses</b>	<b>\$ 22,417</b>	<b>\$ 1,898</b>	<b>\$ 1,465</b>	<b>\$ 12,018</b>	<b>\$ 4,982</b>	<b>\$ 42,780</b>	<b>\$ 8,959</b>	<b>\$ 51,739</b>

**Columbia Association, Inc.**

**Statements of Functional Expenses  
Year Ended April 30, 2020  
(in Thousands)**

	<b>Sport and Fitness</b>	<b>Community Services</b>	<b>Communication and Marketing</b>	<b>Open Space and Facility Services</b>	<b>Village Community Associations</b>	<b>Total Program</b>	<b>Administrative</b>	<b>Total</b>
Salary, Wages, and Contract Labor	\$ 11,840	\$ 3,461	\$ 1,297	\$ 4,568	\$ -	\$ 21,166	\$ 5,014	\$ 26,180
Annual Performance Incentives	4	2	1	1	-	8	19	27
Payroll Taxes	1,003	282	100	348	-	1,733	348	2,081
Employee Benefits	1,325	408	249	944	-	2,926	819	3,745
Operating Supplies/Expenses	1,409	377	891	473	20	3,170	251	3,421
Technology Supplies/Expenses	30	9	66	16	-	121	1,156	1,277
Collection and Treasury Expenses	158	90	373	(3)	-	618	121	739
Fees	569	258	441	2,333	186	3,787	971	4,758
Comm. Assoc. Annual Charge Share Grant	-	-	-	-	3,265	3,265	-	3,265
Temporary Funding & Grants Expense	-	927	-	-	-	927	-	927
Rentals	1,255	278	240	146	-	1,919	380	2,299
Utilities	1,426	78	15	101	10	1,630	341	1,971
Insurance & Taxes	770	33	5	236	46	1,090	154	1,244
Repairs & Maintenance	2,300	181	7	1,531	221	4,240	6	4,246
Depreciation	6,235	190	51	3,685	999	11,160	220	11,380
Allocations	1,397	274	(1,164)	330	71	908	30	938
<b>Total functional expenses</b>	<b>\$ 29,721</b>	<b>\$ 6,848</b>	<b>\$ 2,572</b>	<b>\$ 14,709</b>	<b>\$ 4,818</b>	<b>\$ 58,668</b>	<b>\$ 9,830</b>	<b>\$ 68,498</b>

**Columbia Association, Inc.**

**Statements of Cash Flows**  
**Years Ended April 30, 2021 and 2020**  
**(in Thousands)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in unrestricted net assets	\$ 2,863	\$ 1,710
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Depreciation expense and amortization	11,877	11,380
Bad debt expense	175	121
Amortization of deferred financing costs	52	12
Loss on disposal of fixed assets	281	541
Gain on disposal of intangible assets	(8)	-
Unrealized loss on marketable securities	46	8
Changes in operating assets and liabilities		
Accounts receivable	(500)	801
Prepaid expenses and other assets	(823)	1,213
Accounts payable and accrued expenses	2,683	483
Deferred revenue	172	(768)
Net cash provided by operating activities	<u>16,818</u>	<u>15,501</u>
Cash flows from investing activities		
Purchases of investments held by trustees	(9,443)	(17,519)
Proceeds from maturities of investments held by trustees	8,381	20,445
Purchase of property, facilities and equipment	(6,121)	(15,303)
Proceeds from the sale of equipment	60	91
Proceeds from sale of intangible assets	40	-
Net cash used in investing activities	<u>(7,083)</u>	<u>(12,286)</u>
Cash flows from financing activities		
Net repayments on line of credit	(9,746)	(1,255)
Principal payments/credits on capital lease obligations	703	(141)
Term loan proceeds	20,000	-
Term loan issuance/financing costs	(136)	-
Term loan principal payments	(3,859)	(1,858)
Net cash provided by (used in) financing activities	<u>6,962</u>	<u>(3,254)</u>
Net (decrease) increase in cash and cash equivalents	16,697	(39)
Cash and cash equivalents, beginning	<u>60</u>	<u>99</u>
Cash and cash equivalents, ending	<u>\$ 16,757</u>	<u>\$ 60</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 1,207</u>	<u>\$ 929</u>

**Columbia Association, Inc.**

**Notes to Financial Statements  
April 30, 2021 and 2020**

**Note 1 - Organization and summary of significant accounting policies**

**Organization**

Columbia Association, Inc. (the "Association") is a nonprofit membership corporation, incorporated under Maryland law. It develops and operates recreation and community facilities; provides community programs and assistance; and maintains and develops park land and open space in Columbia, Maryland. The Association is governed by an eleven-member Board of Directors comprised of the Association's President and ten members elected by residents of each of the ten villages.

**Use of estimates in preparing financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents**

The Association defines cash equivalents as all highly liquid investments with maturities of ninety days or less when acquired, except when such investments are held by trustees for the risk management and workers' compensation funds.

**Emergency cash reserves**

In April 2021, the Board of Directors approved the establishment of an emergency cash reserves policy and designated an initial balance of \$2,000. The policy requires the Board to approve use of the funds only for emergency purposes and increases to the fund balance.

**Accounts receivable**

Accounts receivable consist principally of membership fees receivable, which are uncollateralized and generally have a term of one year. Accounts receivable also include annual charge balances, which are collateralized by the related property.

The carrying amount of accounts receivable is reduced by a valuation allowance. The reserve for abatements and allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts and the amount of abatements property owners will receive on their property assessment.

**Risk management fund**

Under the Association's risk management program, self-insured claims for general liability risks are accrued based on the best estimate of the ultimate cost of both asserted claims and unasserted claims from reported incidents and estimated losses from unreported incidents. Such estimates are reviewed by counsel. The Association is funding the risk management program under a trust fund arrangement, which currently provides for funding as actuarially determined by independent actuaries.

**Columbia Association, Inc.**

**Notes to Financial Statements**  
**April 30, 2021 and 2020**  
**(in Thousands)**

**Workers' compensation fund**

The Association has a self-insurance program for workers' compensation. Under this program, the Association has a workers' compensation fund for its estimate of the ultimate cost of both asserted and unasserted claims from reported workers' compensation incidents and estimated losses from unreported incidents. Claims and fund expenses are paid directly out of the workers' compensation fund. The program includes a trust deposit escrow account in the name of Maryland Workers' Compensation Commission for the benefit of the Association. The investment level of the fund is periodically reviewed by the State of Maryland Workers' Compensation Commission and by independent actuaries.

**Investments held by trustees**

Investments held by trustees consisting of money market funds and U.S. Government mortgage bonds and treasuries are stated at fair value and are reflected in the risk management fund and workers' compensation fund on the statements of financial position.

**Property, facilities and equipment, net**

Land includes approximately 3,600 acres of land that has been contributed to the Association since the establishment of the community of Columbia and is recorded at zero value. The contributed land is subject to a zoning ordinance limiting its usage to public or community usage. Costs of parks, lakes and related permanent land improvements are accounted for as land and are not depreciated because they have an indefinite useful life. Facilities, equipment and land improvements that have a limited life are stated at cost and are depreciated using the straight-line method.

<u>Assets</u>	<u>Estimated useful lives</u>
Building and recreational facilities	10 to 40 years
Land improvements	5 to 25 years
Furniture, equipment and other	3 to 10 years

Expenditures are capitalized if the expenditure results in a new asset with a useful life of at least two years and meets the monetary threshold or represents an addition to an existing asset that materially improves or extends the asset beyond its original intended function or increases the useful life by at least two years. The monetary threshold is defined as \$2.5 for a single item except for certain equipment or livestock, which should be capitalized if a single item costs at least \$1.5. This includes an expenditure that is for a group of identical or coordinating items with a total cost of at least \$2.5 that are purchased together and replaced at the same time.

Accounting for the Impairment or Disposal of Long-Lived Assets, requires that an impairment loss be recognized only if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and that the measurement of any impairment loss be the difference between the carrying amount and the fair value of the asset. There were no impairment losses recognized during the periods ended April 30, 2021 and 2020, respectively.

**Columbia Association, Inc.**

**Notes to Financial Statements**  
**April 30, 2021 and 2020**  
**(in Thousands)**

**Intangible assets**

Goodwill relates to the purchase of land. The annual charge resulting from this transaction exceeds the carrying amount of the goodwill and therefore no adjustment to carrying value is deemed necessary.

**Deferred financing costs**

Expenses related to the term loans are being amortized using the effective interest method over the term of the respective debt. Accumulated amortization as of April 30, 2021 and 2020 was \$137 and \$85, respectively. Amortization expense for the periods ended April 30, 2021 and 2020 was \$52 and \$12, respectively. Estimated future amortization expense is as follows:

Year ending April 30,	Amortization expense
2022	\$ 46
2023	40
2024	33
2025	26
2026	19
2027 and thereafter	20
	<u>\$ 184</u>

**Revenue recognition**

**Annual charge**

Annual charge revenue consists of annual charges for which future services are not required and are recognized as revenue when the annual charges are levied and due. The annual charge is based on \$0.68 per \$100 of assessed value. The Association's annual charge is billed annually on or about July 1, and the payment is due within 30 days. Annual charge revenue is recognized when billed.

**Sport and Fitness**

Sport and Fitness revenue is primarily comprised of memberships, fees, and sales.

Membership - Memberships are recognized as revenue on a pro rata basis during the membership period with unearned fees recorded as deferred revenue. Memberships are generally one year, starting on an agreed upon date, or month to month.

Fees - This category contains income from daily admission and guest passes to various facilities and programs. Fees for tournaments, leagues, driving range use and lessons are also included. The Association recognizes revenue when services are provided.

Sales - The majority of this category is comprised of sales of merchandise at the Association's facilities, such as the pro shops at the golf courses, tennis clubs, athletic clubs, etc. The Association recognizes revenue at the time of sale.

**Columbia Association, Inc.**

**Notes to Financial Statements**  
**April 30, 2021 and 2020**  
**(in Thousands)**

**Community Services**

Community Services revenue is primarily comprised of tuition and enrollment, fees and sales from School Age Services and Camps.

School Age Services - The School Age Services (SAS) Programs are offered in certain elementary schools and middle schools. Tuition payments are received for 10 months from September through June and revenues are recognized ratably as services are provided. Unearned tuition payments are reflected as deferred revenue on the statement of financial position. Services during the period ended April 30, 2021, were limited due to the pandemic.

Camps - Camps are normally held during the months of June through August. Camp registration fees are recognized as income when received. Camp program fees are recognized ratably over the camp duration. Unearned revenue is reflected as deferred revenue on the statement of financial position. No camps were held during the period ended April 30, 2021, due to the pandemic. Two camps are planned for the summer of 2021.

**Deferred Revenue**

Deferred revenue is comprised of the following as of April 30:

	2021	2020
Membership fees	\$ 2,472	\$ 2,142
School age services	587	789
Camps	45	-
Other	766	767
	<u>\$ 3,870</u>	<u>\$ 3,698</u>

**Rental expense**

Rental expense is recognized over the lease terms as it becomes payable according to the provisions of the respective leases. However, if the rental expense varies from a straight-line basis, future rental expense including scheduled and specific rent increase and/or rent concession are recognized on a straight-line basis over the lease terms.

**Advertising**

The Association uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. Advertising and promotion costs totaled \$298 and \$806 for the periods ended April 30, 2021 and 2020, respectively.

**Income taxes**

The Association is exempt under Section 501(c) (4) of the Internal Revenue Code. However, the Association is subject to federal and state taxes on unrelated business income, if any. Net unrelated business income was \$0 for the periods ended April 30, 2021 and 2020.

**Columbia Association, Inc.**

**Notes to Financial Statements**  
**April 30, 2021 and 2020**  
**(in Thousands)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, costs have been allocated among the programs and supporting services that benefit from those costs. The expenses that are allocated include interest expense which is allocated proportionally based on property and equipment. Costs that can be identified with particular programs or support functions are charged directly to the program or function including salaries and related expenses which are charged based on time and effort.

**Subsequent events**

The Association evaluated subsequent events through REPORT DATE, the date the financial statements were available to be issued.

**Note 2 - Accounts receivable**

Accounts receivable are comprised of the following as of April 30:

	2021	2020
Membership fees	\$ 1,915	\$ 1,795
Annual charges	887	647
Other	222	499
Total accounts receivable	3,024	2,941
Less reserves for abatements and allowance for doubtful accounts	677	919
	<u>\$ 2,347</u>	<u>\$ 2,022</u>

**Columbia Association, Inc.**

**Notes to Financial Statements  
April 30, 2021 and 2020  
(in Thousands)**

**Note 3 - Investments and other assets**

**Risk management fund**

Investments included in the risk management fund are held by a Trustee and are combined in a portfolio, which consists of the following as of April 30:

	2021		2020	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 308	\$ 308	\$ 82	\$ 82
Government debt securities	4,319	4,316	3,491	3,534
Accrued interest	3	3	15	15
	<u>\$ 4,630</u>	<u>\$ 4,627</u>	<u>\$ 3,588</u>	<u>\$ 3,631</u>

**Workers' compensation fund**

Investments included in the workers' compensation fund are held by a Trustee in a portfolio, which consists of the following as of April 30:

	2021		2020	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 3,595	\$ 3,595	\$ 2,256	\$ 2,256
Government debt securities	-	-	1,318	1,319
	<u>\$ 3,595</u>	<u>\$ 3,595</u>	<u>\$ 3,574</u>	<u>\$ 3,575</u>

**Note 4 - Fair value measurements**

In determining fair value, the Association uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Professional guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The levels within the hierarchy based on the reliability of inputs are as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

**Columbia Association, Inc.**

**Notes to Financial Statements  
April 30, 2021 and 2020  
(in Thousands)**

- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

**Debt securities**

Debt securities consisting of government agency debt obligations are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type.

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of April 30, 2021:

	<u>Fair value measurements using</u>		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total
Government debt securities*	\$ -	\$ 4,316	\$ 4,316

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of April 30, 2020:

	<u>Fair value measurements using</u>		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total
Government debt securities*	\$ -	\$ 4,853	\$ 4,853

\*Government debt securities are included in the risk management fund and workers' compensation fund as discussed in Note 3.

**Columbia Association, Inc.**

**Notes to Financial Statements**  
**April 30, 2021 and 2020**  
**(in Thousands)**

**Note 5 – Liquidity**

Columbia Association, Inc. financial assets available within one year of the statement of financial position date for general expenditures are as follows as of April 30, 2021 and 2020:

	2021	2020
Total assets at year end	\$ 161,724	\$ 148,992
Less:		
Emergency cash reserves	2,000	-
Prepaid expenses and other assets	1,317	494
Risk management fund	4,627	3,631
Workers' compensation fund	3,595	3,575
Property, facilities and equipment, net	132,794	138,891
Intangible assets, net	287	319
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,104</u>	<u>\$ 2,082</u>

Columbia Association has \$17,104 and \$2,082 of financial assets available within one year as of April 30, 2021 and 2020, respectively, on the statement of financial position date to meet cash needs for general expenditures. This consists of cash of \$14,757 and \$60 and net accounts receivable of \$2,347 and \$2,022 as of April 30, 2021 and 2020, respectively. Accounts receivable consist of annual charge balances, which are collateralized by the related property. Accounts receivable also include membership fees receivable, which are uncollateralized and generally have a term of one year. None of the financial assets are subject to any contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position; however, the June 25, 2020 loan documents do require that the Association maintain a minimum cash balance of \$3,000. See Notes 8 and 9.

In addition, in the event of unanticipated liquidity needs, the Association has a line of credit in the amount of \$20,000 of which \$0- was committed as of April 30, 2021. See Note 8.

The Association's operating activity generates positive cash flow of approximately \$16,003 based on a five year average of cash provided by operating activities. The cash is used to fund capital projects, debt service and the emergency cash reserves when approved by the Board. Any additional funds needed for approved expenditures are obtained from line of credit borrowings.

**Columbia Association, Inc.**

**Notes to Financial Statements  
April 30, 2021 and 2020  
(in Thousands)**

**Note 6 - Property, facilities and equipment, net**

Property, facilities and equipment consist of the following as of April 30, 2021:

	Cost basis	Accumulated depreciation	Book value
Land	\$ 6,533	\$ -	\$ 6,533
Parks, lakes, and related improvements	101,222	50,788	50,434
Buildings and recreation facilities	138,469	73,204	65,265
Leasehold improvements	5,555	3,093	2,462
Equipment and vehicles	29,106	22,648	6,458
Other	1,646	4	1,642
Property, facilities, and equipment	<u>\$ 282,531</u>	<u>\$ 149,737</u>	<u>\$ 132,794</u>

Property, facilities and equipment consist of the following as of April 30, 2020:

	Cost basis	Accumulated depreciation	Book value
Land	\$ 6,533	\$ -	\$ 6,533
Parks, lakes, and related improvements	98,533	47,097	51,436
Buildings and recreation facilities	137,577	68,274	69,303
Leasehold improvements	5,572	2,555	3,017
Equipment and vehicles	29,313	22,322	6,991
Other	1,637	26	1,611
Property, facilities, and equipment	<u>\$ 279,165</u>	<u>\$ 140,274</u>	<u>\$ 138,891</u>

**Note 7 - Annual charge**

The principal source of the Association's revenue is an annual charge, based on a rate (68 cents per \$100 of assessed valuation in both fiscal years 2021 and 2020) established annually by the Board of Directors, on all of Columbia's assessable real property. The Association's net assessed value is 50% of the State's assessed phased-in cash value subject to a 10% annual increase cap; however, the Board of Directors capped the increase at 3.5% for fiscal years 2021 and 2020.

The net assessed value for assessment years beginning July 1 was as follows:

2021	\$ 12,838,389
2020	12,409,853

**Columbia Association, Inc.**

**Notes to Financial Statements  
April 30, 2021 and 2020  
(in Thousands)**

**Note 8 - Line of credit**

The Association entered into a revolving line of credit with a bank on June 25, 2020, which, under the loan agreement, is limited to borrowings of \$20,000 beginning September 15, 2020 with the condition that the Association maintains a \$3,000 cash balance. The outstanding note bears interest at LIBOR plus 1.15%. Interest only on the outstanding principal balance shall be payable monthly beginning August 1, 2020. The line of credit matures on June 1, 2023. Additionally, the Association shall pay a quarterly unused commitment fee equal to 25 basis points of the principal amount of the line of credit that was unused.

During fiscal year 2020, the Association had available an unsecured line of credit with a bank under a loan agreement, with varying monthly caps ranging from \$0 to \$30,000 designated by the Association based on forecasted borrowing requirements. The outstanding note bore interest at the lower of the bank's prime rate or LIBOR plus 55 basis points and was due on demand. Additionally, the note bore an unused commitment fee of 10 basis points on any difference between the preauthorized schedule of the projected outstanding balance and the amount of the credit actually used.

The Association had \$-0- and \$9,746 outstanding under the lines of credit as of April 30, 2021 and 2020.

**Note 9 - Term debt**

**Term loans**

On June 26, 2014, the Association entered into a 15-year fixed rate bank loan with a bank in the amount of \$30,000. The loan's interest rate is 3.63% and it matures in fiscal year 2030. The Association began making monthly principal and interest payments in August 2014 for the term of the loan. The funds were used to refinance certain interim indebtedness incurred to finance capital improvements.

As a result of the COVID-19 outbreak, the Association entered into an agreement for a term loan on June 25, 2020 in the amount of \$20,000. The loan's interest rate is 2.5% and it matures in fiscal year 2028. The Association began making monthly principal and interest payments in August 2020. A portion of the proceeds from this loan was used to pay off the line of credit in Note 8.

**Columbia Association, Inc.**

**Notes to Financial Statements**  
**April 30, 2021 and 2020**  
**(in Thousands)**

As of April 30, 2021, the future loan principal payments by fiscal year are as follows:

2022	\$	4,656
2023		4,798
2024		4,942
2025		5,094
2026		5,250
2027 and thereafter		<u>11,805</u>
Total term loan		36,545
Less deferred financing costs, net		<u>184</u>
Term loan, net	\$	<u><u>36,361</u></u>

**Capital lease obligation**

The cost and accumulated amortization of equipment under capital leases were \$867 and \$86, respectively, as of April 30, 2021, and \$574 and \$538, respectively, as of April 30, 2020. As of April 30, 2021, the future minimum annual payments under capital leases are as follows:

2022	\$	143
2023		143
2024		143
2025		143
2026		143
2027 and thereafter		<u>62</u>
Total minimum lease payments		777
Less amount representing interest		<u>20</u>
Present value of net minimum lease payments	\$	<u><u>757</u></u>

**Note 10 - Retirement benefit plan**

Substantially all full-time and eligible part-time employees are covered by a defined contribution retirement benefit plan. Contributions through April 12, 2020 were based on 6% of eligible employees' salaries. Employees became fully vested after six years of service. However; effective April 13, 2020, due to the financial pressures from COVID-19, employer contributions were reduced to 3% and vest immediately. Expenses under this plan were \$402 and \$1,213 for the periods ended April 30, 2021 and 2020, respectively.

**Columbia Association, Inc.**

**Notes to Financial Statements**  
**April 30, 2021 and 2020**  
**(in Thousands)**

**Note 11 - Commitments**

The Association leases certain facilities and equipment under operating leases. Rental expense exclusive of these costs, was \$2,003 and \$2,152 for the periods ended April 30, 2021 and 2020, respectively.

The Association records rent expense using the straight-line method over the life of the lease terms, which differs from the amount of rent due under the terms of the leases, resulting in a deferred rent payable, of \$658 and \$528, which was included in accounts payable and accrued expenses as of April 30, 2021 and 2020, respectively.

As of April 30, 2021, the Association's total commitment for minimum annual rentals, exclusive of maintenance and other occupancy costs, under non-cancellable operating leases is:

2022	\$	1,388
2023		1,675
2024		1,708
2025		1,743
2026		1,138
2027 and Thereafter		<u>3,465</u>
Total	\$	<u>11,117</u>

The lease for the headquarters building located on Hillside Court includes a rent abatement for the period September 1, 2015 to October 31, 2016 which is valued at \$460. Accrued abatements of \$254 and \$290 were included in accounts payable and accrued expenses as of April 30, 2021 and 2020, respectively.

On March 9, 2021, The Association entered into an amendment to the deed of lease for headquarters office space that provided for a 50% abatement of the base rent due under the lease for the months of January through December 2021 and extended the lease for a period of two years. The lease termination date will be April 30, 2030. The gross amount of the rent abatement is \$378. Accrued abatements of \$111 were included in accounts payable and accrued expenses as of April 30, 2021.

Estimated rental costs and unamortized rent abatement and tenant improvement allowance related to the lease for Haven on the Lake, which expires August 31, 2025, as well as potential sublease rental income and related expenses through the expiration date were accrued as of April 30, 2021, due to the closing of operations on that date. The loss on Haven closure netted against total revenues for the year ended April 30, 2021 was \$4,117. A sublease for the rental of the space through August 28, 2025 was executed in May 2021. See note 17.

**Columbia Association, Inc.**

**Notes to Financial Statements**  
**April 30, 2021 and 2020**  
**(in Thousands)**

**Note 12 - Postretirement health care**

The Association sponsors a defined postretirement medical benefit plan that covers both salaried and nonsalaried full-time employees and their spouses or surviving spouses. The postretirement health care plan is contributory. The Association will provide a maximum contribution of \$2.5 to retired employees and their spouses for employees who have 20 or more years of full-time service with the Association and have passed their 60th birthday. This contribution will decrease to a maximum of \$1.5 when the retiree reaches age 65. This benefit terminates on the 10<sup>th</sup> anniversary of the benefit commencement date. The employee contributes the remainder of the health care cost.

The following table sets forth the funded status of the Association's postretirement health care benefit plan reconciled to the accrued postretirement benefits cost recognized by the Association as of April 30:

	2021	2020
Reconciliation of benefit obligations		
Obligation at beginning of year	\$ 829	\$ 729
Service cost	34	28
Interest cost	23	28
Actuarial loss	-	4
Plan amendments	-	56
Benefit payments	(17)	(16)
	<u>\$ 869</u>	<u>\$ 829</u>
Obligation at end of year		
Amount not yet recognized in net periodic postretirement benefit costs		
Unrecognized prior service credit	\$ 43	\$ 50
Unrecognized gain (loss)	(140)	(140)
	<u>\$ (97)</u>	<u>\$ (90)</u>
Total amount not yet recognized in net periodic postretirement benefit costs		
Net periodic postretirement benefit costs include		
Service cost	\$ 34	\$ 28
Interest cost	23	28
Amortization of net gain from prior periods	(6)	(19)
Amortization of unrecognized prior service cost	6	6
	<u>\$ 57</u>	<u>\$ 43</u>
Net periodic postretirement benefit costs		

**Columbia Association, Inc.**

**Notes to Financial Statements  
April 30, 2021 and 2020  
(in Thousands)**

The discount rate was 4.05% as of April 30, 2021 and 2020. The gross trend rate for health care coverage is 4.45% for all years.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percent change in assumed health care cost trend rates would have the following effects as of April 30, 2021:

	<u>1% increase</u>	<u>1% decrease</u>
Effect on total service and interest cost components of net periodic postretirement health care benefit cost	\$ 8	\$ (7)
Effect on the health care component of the accumulated postretirement benefit obligation	105	(92)

The following is a projection of benefit costs under the plan:

2022	\$ 34
2023	46
2024	51
2025	62
2026	62
2027 - 2030	283

**Note 13 - Significant estimates**

**Reserve for general liability self-insurance**

Under its general liability self-insurance plan, the Association accrues the estimated expense of general liability claims based on claims filed subsequent to year-end and an additional amount for incurred, but not yet reported claims based on prior experience. Accruals for such costs of \$1,125 and \$1,130 are included in accrued expenses as of April 30, 2021 and 2020. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

**Reserve for workers' compensation self-insurance**

Under its workers' compensation self-insurance plan, the Association accrues the estimated expense of workers' compensation claims based on claims filed subsequent to year-end and an additional amount for incurred, but not yet reported claims based on prior experience.

Accruals for such costs of \$2,307 and \$2,401 are included in accrued expenses as of April 30, 2021 and 2020, respectively. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

**Columbia Association, Inc.**

**Notes to Financial Statements  
April 30, 2021 and 2020  
(in Thousands)**

**Note 14 - Concentration of credit risk**

The Association maintains its cash balance in several accounts in various banks. At times, these balances may exceed the federal insurance limits; however, the Association has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of April 30, 2021.

**Note 15 - Contingencies**

The Association is periodically a party to various lawsuits, claims and investigations, both actual and potential arising in the normal course of business. Based on internal review and advice of legal counsel, management believes the ultimate outcome of these matters, individually and in the aggregate, will not have a material adverse effect on the Association's financial position or results of operations.

**Note 16 – COVID-19 impact**

The Association's operations were negatively impacted in both fiscal years by the spread of the Coronavirus Disease (COVID-19), which was declared a worldwide pandemic by the World Health Organization on March 11, 2020. COVID-19 impacted various aspects of its 2020 and 2021 operations and financial results, including sport and fitness, community services, and open space and facility services. Management believes the Association is taking appropriate actions to mitigate the negative impacts.

**Note 17 - Subsequent events**

A sublease agreement for rental of the space formerly occupied by Haven on the Lake was executed on May 25, 2021, with the approval of the landlord. The term of the sublease is through August 28, 2025. The sublease income for the term of the agreement was accrued and netted against the rental expense for the remainder of the primary lease which expires August 31, 2025. See note 11.



July 16, 2021

To: Members of the Columbia Association Board of Directors  
Lakey Boyd, President/CEO

From: Susan Krabbe, Vice President and CFO

cc: Jackie Tuma, Director of Audit and Advisory Services

Subject: Fourth Quarter FY 2021 Financial Report

The Audit Committee will review the FY21 Fourth Quarter Financial Report during their July 20, 2021 meeting. We anticipate that the committee members will vote to recommend that the Board of Directors be presented with the FY21 Fourth Quarter Financial Report at that meeting. The link to the Financial Report has been posted as back-up material to the July 22, 2021 Board meeting. To access the report online, go to <https://www.columbiaassociation.org/about-us/financials/financial-reports/>; then scroll toward the bottom of the page, select "Quarterly Financial Reports to the Board," then select "FY21 Fourth Quarter" from the list of financial reports posted.

If you have any questions, please let me know.