



July 17, 2020

To: Columbia Association Board of Directors
(E-Mail: Board.Members.FY21@ColumbiaAssociation.org)
CA Management

From: Andrew C. Stack, Board Chair

The Columbia Association Board of Directors Virtual Meeting will be held on Thursday, July 23, 2020 at 7:00 p.m.

AGENDA

	5 min.	Page Nos.
1. Call to Order		
(a) Announce the procedures being used to conduct the virtual meeting		
(b) Roll Call to determine Directors/senior staff 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) Remind Board and senior staff members to mute their phones and speak slowly and clearly so they can be heard		
(e) Remind Board and senior staff members to announce their name when they speak so everyone knows who is speaking		
2. Announcement of Closed/Special Meetings Held/To Be Held	1 min.	
3. Approval of Agenda	1 min.	
4. Resident Speakout will be available to individuals who either submit 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 Board.Members.FY21@columbiaassociation.org . Please note that, due to time constraints, it may be necessary to limit the number of people at Resident Speakout.		
5. Consent Agenda	1 min.	
(a) Approval of Minutes – June 25, 2020		3 - 6
(b) Approval of the Kings Contrivance Community Association representative to the Watershed Advisory Committee		7
(c) Recommendation re: a CA Board Ad Hoc Communications Working Group		8
(d) Recommendation re: Live Streaming of Open CA Board Work Sessions		9
6. Board Votes	5 min.	
(a) Budget Schedule for FY 2022		10 - 13
7. Board Discussion	15 min.	
(a) Pre-filed State Legislation		14
(b) CA IT and Virtual Meetings		
8. Chairman's Remarks	5 min.	15
9. Reports/Presentations	55 min.	
(a) President's Report – See written report – Follow-up questions from the BOD	(10 min.)	16 - 20
(b) Report from the CA Representatives to the Inner Arbor Trust Board of Directors	(5 min.)	21

(c)	Financial Reports	(20 min.)	
1.	FY 2020 Audited Financial Statements		22 - 44
2.	FY 2020 4 th Quarter Financial Report		45
10.	Tracking Forms	5 min.	
(a)	Tracking Form for Board Requests		46
(b)	Tracking Form for Resident Requests		47
11.	Proposed New Topics	5 min.	
12.	Talking Points	2 min.	
13.	Adjournment – Anticipated Ending Time: Approximately 9:30 p.m.		

Upcoming Scheduled Virtual Work Sessions and Meetings

Thursday, August 20, 2020 – Board of Directors Virtual Work Session – 7:00 p.m.

Thursday, September 10, 2020 – Board of Directors Virtual Work Session – 7:00 p.m.

Thursday, September 24, 2020 – Board of Directors Virtual Meeting – 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 25, 2020

To be approved: July 23, 2020

A virtual meeting of the Columbia Association Board of Directors was held on Thursday, June 25, 2020. Participating were Chairman Andy Stack, Vice Chair Virginia Thomas, and members Dick Boulton, Renee DuBois, Jessamine Duvall, Lin Eagan, Janet Evans, Alan Klein, Milton W. Matthews, Nancy McCord, and Shari Zaret. Other participants were CA Vice President/CFO Susan Krabbe; General Counsel Sheri Fanaroff; Director, Office of Planning and Community Affairs Kristin Russell; and Senior Community Planner Jessica Bellah.

1. Call to Order: The Board of Directors Meeting was called to order at 7:00 p.m. by Chairman Andy Stack.

Mr. Stack read prepared remarks outlining how the meeting would be conducted. He then proceeded with a roll call to determine which Directors were participating. Mr. Stack noted that both video and audio of the virtual meeting were being streamed, enabling anyone using the link to the meeting on CA's website to see and hear the proceedings.

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

CA's **Board of Directors** held a virtual closed meeting on June 4, 2020. Participating were Chairman Andy Stack, Vice Chair Virginia Thomas, and members Dick Boulton, Renee DuBois, Jessamine Duvall, Lin Eagan, Janet Evans, Alan Klein, Milton W. Matthews, Nancy McCord, and Shari Zaret. The vote to close the meeting, which was taken at the May 28, 2020 Board of Directors meeting, was 10-0-0.

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

Against: none

Abstain: none

The closed work session was authorized under the Maryland Homeowners Act, Md. Code, Real Property §11B-111(4)(i), Discussion of matters pertaining to employees and personnel. The work session was closed from 7:02 p.m. until 9:32 p.m. to discuss personnel issues related to the FY 2021 operating budget.

The **Audit Committee** held a virtual meeting on June 22, 2020. Members participating were James Young, Timothy Redmond, Dick Boulton, Renee DuBois, and Janet Evans. The vote to close the meeting was 5-0-0.

For: Messrs. Boulton, Redmond, and Young; and Mmes. DuBois and Evans

Against: none

Abstain: none

The closed meeting was authorized under the Maryland Homeowners Act, Md. Code, Real Property §11B-111(4)(i), Discussion of matters pertaining to employees and personnel; and (iv), Consultation with staff personnel, consultants, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters. The work session was closed from 7:31 p.m. until 8:52 p.m. to review audit reports and consult with staff personnel on legal matters.

CA's **Board of Directors** held a virtual work session on June 24, 2020. Members participating were Chairman Andy Stack, Vice Chair Virginia Thomas, and members Dick Boulton (joined at 6:05 p.m.), Renee Du Bois, Jessamine Duvall, Lin Eagan, Janet Evans, Alan Klein, Milton W. Matthews, Nancy McCord, and Shari Zaret (joined at 6:37 p.m.). The vote to close the work session was 8-0-0.

For: Messrs. Klein and Stack, and Mmes. DuBois, Duvall, Eagan, Evans, McCord, and Thomas

Against: none

Abstain: none

53 **3. Approval of Agenda**

54 **Action:** Mr. Boulton moved to approve the agenda. Ms. McCord seconded the motion. Prior to the vote, Mr.
55 Klein expressed concern regarding the method being used for Resident Speakout, and the non-
56 streaming of work sessions. The vote to approve the agenda was 9-1-0.
57 For: Messrs. Boulton and Stack, and Mmes. DuBois, Duvall, Eagan, Evans, McCord, Thomas, and
58 Zaret
59 Against: Mr. Klein
60 Abstain: none
61

62 **4. Resident Speakout:**

63 Chris Toscano, Oakland Mills, spoke about the decision not to open CA's outdoor pools this summer
64 Joel Hurewitz, Harper's Choice, spoke about not streaming CA's work sessions and e-scooters
65

66 **5. Consent Agenda:**

67 The following items were approved by consent:

- 68 (a) Approval of Minutes – May 14, 2020 BOD meeting and the May 28, 2020 BOD meeting;
69 (b) Appointment of the representative from Oakland Mills to the Watershed Advisory Committee; and
70 (c) Talbott Springs Temporary Construction Easement (TCE) and Outfall Easement; and Tamar Drive
71 Roundabout Easement
72

73 **6. Board Votes**

74 (a) Policy on E-Scooters

75 Ms. Bellah reviewed the two policies on which CA's Board of Directors was asked to vote. The first policy
76 would be to update CA's open space policies to treat electric scooters (e-scooters) as electric bicycles in line
77 with Maryland's transportation guidance. The second policy would be to allow commercial e-scooter
78 sharing services to operate on CA's pathways, subject to a license agreement with the parties.
79

80 Discussion focused on a number of issues, including how to enforce provisions of the policy such as speed;
81 ensuring e-scooters do not operate on areas designated for pedestrian use only; ensuring e-scooters are not
82 abandoned for lengthy periods on pathways; maintenance of pathways that might be damaged by e-scooters;
83 and indemnification of liability to CA. Some Board members favored a pilot project that would allow e-
84 scooters to operate on pathways in Downtown and Gateway to assess the effects on CA property and other
85 pathway users.
86

87 Mr. Bolton made a motion to authorize CA staff to continue to talk with the scooter company and to come
88 back with a proposed contract that CA's Board of Directors could review. Ms. Zaret seconded the motion.
89 Ms. Thomas asked if Mr. Boulton would accept a friendly amendment limiting this to the Downtown and
90 Columbia Gateway areas. After discussion, Ms. Thomas offered an amendment stating "that, however, the
91 area to be covered will be limited to Downtown and Gateway." Mr. Boulton agreed to the friendly
92 amendment.
93

94 Mr. Klein proposed an amendment to this proposal that "we add at the beginning the language that is on
95 page 2 of the staff memo entitled 'CA Policy-Electronic Scooter Operations on CA Pathways' (dated May
96 20, 2020) and we add in points a), b), and c), with the addition in point a) that we add in language that states
97 CA's policy specifically applies the use of privately-owned electronic low-speed scooters." Mr. Stack
98 seconded Mr. Klein's proposed amendment.
99

100 Discussion ensued regarding the speed at which e-scooters would or could operate. Attention was called to
101 the "New Policy Language" on the page entitled "CA Board Votes: A) Update on CA open space policy to
102 consider s-scooters as electric bicycles." Under "New Policy Language," Mr. Klein suggested adding
103 "privately owned and operated" between the words "any" and "motorized" and have that amended
104 paragraph be his proposed amendment to Mr. Boulton's original motion.

Action: Mr. Stack called for a vote on Mr. Klein’s amendment to Mr. Boulton’s original motion. The amendment failed by a vote of 5-5-0.

For: Messrs. Klein and Stack, and Mmes. DuBois, Eagan, and Evans
Against: Mr. Boulton and Mmes. Duvall, McCord, Thomas, and Zaret
Abstain: None

Action: Mr. Stack called for a vote on Mr. Boulton’s original motion (to authorize CA staff to continue to talk with the scooter company and to come back with a proposed contract, covering the area of Downtown and Gateway, that CA’s Board of Directors could review). The motion passed by a vote of 9-1-0.

For: Messrs. Boulton, Klein, and Stack, and Mmes. DuBois, Eagan, Evans, McCord, Thomas, and Zaret
Against: Ms. Duvall
Abstain: None

Action: Mr. Stack made a motion that CA’s Board adopt the “New Policy Language” with the addition of “privately owned and operated” between the words “any” and “motorized” in the second sentence. Mr. Klein seconded the motion. The motion failed by a vote of 3-7-0.

For: Messrs. Klein and Stack, and Ms. DuBois
Against: Mr. Boulton and Mmes. Duvall, Eagan, Evans, McCord, Thomas, and Zaret
Abstain: None

Action: Ms. Duvall moved that CA’s Board of Directors adopt the “New Policy Language” as written by CA staff with no changes. Ms. DuBois seconded the motion. The motion failed by a vote of 5-5-0.

For: Messrs. Klein and Stack, and Mmes. DuBois, Duvall, and Eagan
Against: Mr. Boulton and Mmes. Evans, McCord, Thomas, and Zaret
Abstain: None

Action: Ms. Evans made a motion to adopt the “New Policy Language” with language limiting e-scooters to Downtown and Gateway. There was no second to the motion, and a vote was not taken.

(b) Form – Proposed New Topics for Board Discussion

Ms. Thomas moved that CA’s Board of Directors adopt the Proposed New Topics for Board Discussion form proposed by Ms. Evans. Ms. Zaret seconded the motion. Hearing no objections, the form was adopted unanimously.

7. Board Discussion – Future of Columbia Association – Focused on FY 2022

Ms. Zaret led a discussion designed to give direction to CA’s Board of Directors as it plans CA’s post-pandemic future. Discussion centered on identifying CA’s stakeholders; organizational values and foundational principles; accomplishments in the last 20 years; items which CA wished it had accomplished in the last 20 years; and CA’s challenges and opportunities, together with constraints, as it looks to the future. Ms. Zaret will compile the comments and prepare a list of the words heard during the discussion to which the Board can refer as it plans for the future.

8. Chairman’s Remarks

Mr. Stack called attention to his written report. In addition, he noted that staff at the Supreme Sports Club were very friendly and welcoming upon the club’s reopening. Physical distancing measures were in place and visibly noticeable.

9. Reports/Presentations

(a) President’s Report

Mr. Stack called attention to Mr. Matthews’ written report. A question was asked about the timing of the reopening of the Teen Center.

A question was also asked about the \$10 per month fee to freeze a membership. Discussion focused on the timing of the notice, and whether members could cancel a membership and then reactivate it at a later date. Ms. DuBois noted that a motion could be made to waive the three-reading rule, followed by a motion to waive the \$10 per month fee.

Action: Ms. DuBois moved to waive the three-reading rule. The motion was seconded by Ms. McCord. Discussion centered on getting more information about the situation before taking a vote, the financial impact of eliminating the freeze fee, any impact the fee might have on membership retention, and better communication about the rationale for the fee. Ms. Zaret suggested creating a work group composed of an equal number of Board and staff members to address communications on this and other issues.

Mr. Stack called for a vote on Ms. DuBois' motion to waive the three-reading rule, with the intent of making a second motion to waive the \$10 per month freeze fee. He noted that a two-thirds majority vote would be needed to proceed with the second motion. The motion to waive the three-reading rule failed by a vote of 3-7-0.

For: Mr. Klein and Mmes. DuBois and McCord

Against: Messrs. Boulton and Stack, and Mmes. Duvall, Eagan, Evans, Thomas, and Zaret

Abstain: none

Mr. Stack then asked if anyone was opposed to creating a working group to address communications. In lieu of creating a group that evening, Ms. Zaret will write up her idea using the "Proposed New Topics for Board Discussion" form and submit it for the Board's consideration.

(b) Report from the CA Representatives to the Inner Arbor Trust Board of Directors – A written report was submitted.

(c) Financial Reports – None

10. Tracking Forms

(a) Board Requests – No submissions have been received.

(b) Resident Requests – No submissions have been received.

11. Proposed New Topics

(a) Shari Zaret – Communications Working Group

(b) Nancy McCord – Meeting with the village managers, et al needs to be scheduled

12. Talking Points - Deferred

13. Adjournment: Without objection, the meeting was adjourned at 10:19 p.m.

Respectfully submitted,

Janet F. Loughran

Executive Assistant to the President/CEO



Kings Contrivance Community Association

Amherst House 7251 Eden Brook Drive, Columbia, Maryland 21046

(410) 381-9600 Fax (410)381-9628

king@VillageofKC.org

July 7, 2020

Watershed Advisory Committee
Columbia Association Board of Directors,
Columbia Association
6310 Hillside Court
Suite 100
Columbia, MD 21046

Subject: Kate Reilly

Dear Members of the Watershed Advisory Committee,

Following the resignation of Gail Holm as our Watershed Advisory representative, at the regularly scheduled Kings Contrivance Village Board meeting on July 1, 2020, the village board unanimously approved a motion recommending the appointment of Kate Reilly as the Kings Contrivance representative to the CA Watershed Advisory Committee. We are grateful for her volunteering to serve our community.

Sincerely,

Beverley Meyers
Village Manager

Cc: Gail Holm

16 July 2020

TO: Columbia Association Board of Directors

FROM: Andrew C. Stack, Chair

SUBJECT: Communications Work Group Recommendation

Recommendation Regarding a CA Board Ad Hoc Communications Working Group

Recommendation: Create a CA Board Ad Hoc Communications Working Group consisting of three Board members. The working group is to address communication issues in a time sensitive manner, coordinate with CA Communications staff, and make recommendations to the CA Board regarding critical communications with the Columbia community. Board members serving on this working group will be Dick Boulton (Chair), Ginny Thomas, and Jessamine Duvall. Working group will end April 30, 2021 unless the working group votes to disband before that date.

16 July 2020

TO: Columbia Association Board of Directors

FROM: Andrew C. Stack, Chair

SUBJECT: Work Sessions Live Streaming Recommendation

Recommendation Regarding Live Streaming of Open CA Board Work Sessions

Recommendation: Until the Board room becomes available for work sessions, CA Board open work sessions will be live streamed, as well as recorded. Link to live streaming will be available on the Board web page.



July 23, 2020

To: Columbia Association Board of Directors
Milton W. Matthews, President/CEO

From: Susan Krabbe, Vice President and CFO

Cc: Lynn Schwartz, Director of Finance/Treasurer

Re: Proposed FY 2022 Budget Schedule

Attached is the proposed FY 2022 budget schedule for the CAQ Board's discussion during the 23 July 2020 board meeting. This proposed schedule reflects the treatment of the FY 2022 budget as a new budget process, rather than as a "second year" process of review and approval of amendments to the conditional FY 2022 budget approved by the CA Board in February 2020. The conditional FY 2022 budget is no longer relevant due to the COVID-19 pandemic.

The proposed budget schedule differs from the schedule implied by the July 2020 CA Board work session and meeting agendas approved by the Board Operations Committee on 1 June 2020, in that it proposes have the Board discussion and votes on the annual charge rate and cap, the operating and capital budget parameters in September, rather than July.

This schedule will create an operational challenge for CA staff to get the draft budget issued in early January 2021 using parameters not approved until late September. However, we believe that having actual financial data from July and August to use in developing those parameters outweighs the operational challenge of producing the draft budget on a shortened time table.



FY 2022 Budget Schedule - PROPOSED

The Columbia Association's budget process is designed to provide opportunities for input from the Board of Directors, Advisory Committees, residents and other community stakeholders. Ordinarily, the "even number" budget years, such as FY 2022, are conditionally approved in the first year of a two-year budget cycle, and reviewed, updated and approved in the second year of that process. The unprecedented COVID-19 pandemic and resulting financial crisis in calendar year 2020 rendered meaningless the Conditional FY 2022 budget approved by the CA Board in February 2020. As a result, the FY 2022 budget (operating and capital) are being developed based on current realities rather than the previous conditions.

Opportunities for stakeholder participation that had previously been in person may be virtual, depending on guidance and/or regulations from the State of Maryland and Howard County government regarding the size of groups allowed to gather in person. Information regarding meeting venues will be published one week prior to each meeting listed below.

How to give testimony:

- ***Submit your testimony via email to the Board of Directors at Board.Members.fy20@columbiaassociation.org;***
- ***Send your testimony to the Board of Directors, care of the Columbia Association Accounting Division; 6310 Hillside Court, Columbia, MD 21046;***

Thursday, July 9, 2020

CA Board of Directors to review the proposed schedule for the FY 22 budget process. This is a regularly scheduled Board work session that is open to the public.

Wednesday, July 15, 2020
(Not a meeting-deliverable date)

Letters to the CA Board of Directors and community stakeholders will be sent from CA staff, with an invitation to submit budget requests for FY 22. Budget requests, **including those from CA Board members**, are due to staff by **September 10, 2020** either via email or in writing.

Thursday, July 23, 2020	CA Board of Directors to review, discuss and vote on the schedule for the FY 22 budget process. This is a regularly scheduled meeting of the CA Board.
Thursday, September 10, 2020	CA Board of Directors to review the total amounts of the capital budgets and the targets for annual increases in net assets for FY 22 (“capital and operating parameters”), a new “reserve” parameter, the annual charge rate and cap, and membership rates guidance. Board work session to also include the opportunity for community stakeholders to provide input for consideration for the FY 22 draft budget. This is a regularly scheduled Board work session that is open to the public.
Thursday, September 24, 2020	CA Board of Directors to review, discuss and vote on the capital, operating and reserve parameters for FY 22, the annual charge rate and cap, and membership rates guidance. This is a regularly scheduled meeting of the Board.
Friday, October 23, 2020 (Not a meeting-deliverable date)	One binder to be delivered to the Board with Board and staff major capital projects, operating initiatives and community stakeholder requests and responses.
Thursday, October 29, 2020	Discussion of Board and staff major capital projects and new operating initiatives, and community stakeholder requests. The work session is open to the public. Straw votes will be taken, which will be subject to actual CA Board votes at the CA Board meeting on Thursday, November 12.
Thursday, November 12, 2020	Board will vote on proposed major capital projects and new operating initiatives received to date. No special voting rules apply. Projects and initiatives are included or excluded from the draft budgets based on a simple majority of those Board members who vote when the question is called during the meeting. This is a regularly scheduled Board of Directors meeting that is open to the public.
Friday, January 8, 2021 (Not a meeting-deliverable date)	Draft FY 22 Budget delivered to Board and village community associations.
Thursday, January 14, 2021	Board work session: Draft FY 22 Budget – Operating and Capital. This is a regularly scheduled Board work session that is open to the public.

Thursday, January 28, 2021
(If necessary)

This is a regularly scheduled meeting of the Board that is open to the public. If necessary for the budget process, a Board work session will also be held this evening for the Draft FY 22 Budget – Operating and Capital.

Thursday, February 11, 2021

Board work session: Draft FY 22 Budget – Operating and Capital. This is a regularly scheduled Board work session that is open to the public.

Thursday, February 18, 2021
(If necessary)

Board work session **(if necessary)**: Draft FY 22 Budget – Operating and Capital. This work session is open to the public.

Thursday, February 25, 2021

CA Board discussion and vote on the FY 22 Budget – Operating and Capital. No special voting rules apply. The budget is approved based on a simple majority of Board members who vote when the question is called during the meeting. This is a regularly scheduled meeting of the Board that is open to the public.



TO: BOARD OF DIRECTORS
FROM: SHERI V.G. FANAROFF
RE: PRE-FILED LEGISLATION
DATE: JULY 17, 2020

Although there have been discussions regarding the possibility of scheduling a special session of the General Assembly during the late summer or fall of this year, to date no special session has been scheduled. There is no pre-filed legislation at this time.

July 16, 2020

Chair's Remarks July 23, 2020 CA Board Meeting

<u>Date</u>	<u>Activity</u>	<u>Time</u>
Jul 19, 2020	Weed Warrior Leader Training, Part 2 (CA & Howard Community College; see web site)	9:00 AM RR
Jul 22, 2020	Zoning Board Hearing for Redevelopment of Hickory Ridge Village Center Continuation (County Virtual)	6:00 PM
Jul 23, 2020	CA Board meeting (Virtual)	7:00 PM

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

CA financial reports and statements are accessible at <https://www.columbiaassociation.org/about-us/financials/financial-reports/>. The web page has information concerning budgets, audited financial statements, reports and financial statements.



SENIOR
LEADERSHIP
TEAM

Milton W. Matthews
President/
Chief Executive
Officer

Susan Krabbe
Vice President/
Chief Financial Officer

Dan Burns
Director of
Sport and Fitness

Sheri Fanaroff
General Counsel

Paul Gleichauf
Acting Chief
Marketing Officer

Janet Loughran
Executive Assistant
to the President/CEO

Dennis Matthey
Director of Open Space
and Facility Services

Monica McMellon-Ajayi
Director of
Human Resources

Michelle Miller
Director of
Community Services

Kristin Russell
Director of Planning
and Community Affairs

Chuck Thompson
Chief Information
Officer

Jackie Tuma
Director of
Internal Audit

July 2020

Office of the President/CEO

The President/CEO announced his intention not to pursue an extension to his contract, which expires 30 April 2021. In a message sent to Columbia Association team members, the President/CEO noted that his “professional career spans more than 40 years, with opportunities in the association, nonprofit, and local government sectors.” The President/CEO plans to focus his remaining time at CA on helping “to position CA as a sustainable entity for the future.”

CA’s Board of Directors is working with CA staff to initiate the process to conduct the search for a new President/CEO.

The President/CEO is participating in a series of promotional videos being produced by CGI Communications in partnership with the Howard County Chamber. The videos, which will be posted on the Howard County Chamber’s website, will highlight the many attractive features of Howard County; all of them contributing to its perennial designation as one of top counties in the country. Representatives from other Howard County organizations also will be featured in the videos, which will focus on five primary areas: quality of life; economic development; public health; education; and innovation.

The June/July issue of “*195 Business Magazine*” highlights Howard County in its “Special Focus” section. The section features articles on Howard Hughes Corporation’s development of Downtown Columbia; “Columbia Stands on its Own,” an article on Columbia’s unique way of life, which includes an interview with CA’s President/CEO; Howard County Business Districts; the Maryland Innovation Center; Leonardo McClarty and the Howard County Chamber; Manor Hill Brewing; and STEER Tech, a start-up company founded by Aneer Sonalker. The articles begin on page 30 of the magazine, which can be accessed via the following link: <https://i95business.com/data/newsletters/document/newsletter-document-61.pdf>

The Columbia community has won Insurify’s “2020 Greenest Cities Award for Maryland.” The community in each state with the most eco-conscious driving practices, green vehicle features, healthy air quality, and renewable electricity programs was selected as one of America’s Greenest Cities. The complete list of Greenest Cities in the United States can be found at the following link: <https://insurify.com/insights/2020-greenest-cities-awards/>

COVID-19 testing at the Columbia VEIP station near CA Headquarters is now available without a doctor’s order. Individuals can click [here](#) to make an appointment to be tested. Drive-Thru testing at this site takes place Tuesdays and Thursdays from 8:00 a.m. - 12:00 p.m.

Department of Administrative Services

Highlights

The Administrative Services team has completed the 2019 401(k) plan audit and the Fiscal Year 2019 financial statements audit, with assistance from CA's Office of Audit and Advisory Services. The independent auditors' reports will be reviewed by the Audit Committee on 20 July 2020 and the CA Board of Directors on 23 July 2020.

The Annual Charge team has been responding to calls within 24 hours of receipt and emails on the same day. The nature and volume of the inquiries have been very similar to prior years.

The team in the Human Resources (HR) Division researched an alternative to the Maryland State Unemployment system, given how overwhelmed that system has become in recent months, and led the organization through the submission of an application for Workshare, which was approved in late June. The Workshare program facilitates more timely unemployment benefit payments, including the \$600 weekly federal component.

The Finance team closed on a new bank financing package for CA in late June, comprised of a \$20 million term loan, retiring the existing line of credit, and a \$10 million line of credit with the potential to increase to \$20 million in September.

Challenges

With the reopening of many of CA's facilities in late June, the HR and the payroll team must process an increasing number of changes in furlough status for team members returning to work, often with very little notice. Assistance from CA's Office of Audit and Advisory Services has been invaluable in ensuring the accuracy of pay transactions each pay period.

The impact of reduced staffing through layoffs, furloughs and resignations has created a workload that can be a challenge for the remaining team members.

Opportunities

Our existing workflow processes and procedures are being challenged in today's work environment, with most CA team members, customers and vendors working remotely. The Administrative Services team is analyzing processes and procedures not fully automated and will discontinue those determined to be redundant. We are working to further automate vital processes and procedures as part of our ongoing efforts to support remote work.

Department of Sport and Fitness

Highlights

Tennis

Tennis has delivered more than 350 lessons since opening. The lessons have been a combination of adults and juniors.

Indoor Sport & Fitness Facilities

The Columbia Athletic Club, Supreme Sports Club, Columbia Gym, Long Reach Tennis Center, Columbia Swim Center, Haven on the Lake, and SportsPark reopened on 20 June. Since the restart of indoor workouts, members and staff have been working together to maintain a safe and fun environment for all as indoor workouts restarted in earnest.

Aquatics

With the reopening of the Swim Center, the Clippers swim team resumed practice. With many safeguards in place, we were happy to see more than 220 swimmers returning to participate in the upcoming season.

Challenges

Operating and keeping staff and members safe in these times of COVID-19.

Opportunities

We are working on opportunities to provide safe programming for kids.

Department of Communications and Marketing

Highlights

As Columbia Association reopened many of its facilities and programs during June and early July, the Department of Communications and Marketing (DCM) supported CA and the Columbia community during the past month through the following:

- **Reopen Preparations:** DCM prepared all signage, social media announcements and web site updates to communicate reopening of CA fitness clubs, swim center, indoor tennis, and Haven on 20 June, Hobbit's Glen Tennis Club on 26 June, and Columbia Ice Rink on 13 July. The team is assisting all Sport & Fitness facilities with marketing support (signage, public messaging via social media, digital signage), as they address process changes required while operating during the pandemic.
- **CA at home:** DCM continues to expand online fitness and wellness videos and family activities programming with content furnished by S&F and Community Services team members. See <https://www.columbiaassociation.org/blog/ca-at-home/>.
- **Work Processes:** DCM team continues to refine remote work systems and procedures, making full use of the tools furnished and maintained by the IT Division.
- **Digital Marketing:** The Digital Marketing team developed and delivered messaging to S&F members encouraging compliance with safe workout practices and posted new social media of CA fitness instructors and personal trainers providing fitness tips on Instagram and FaceBook. Additionally, the team produced new content for digital signage in all CA facilities, cross marketing CA services and reminding patrons of safe exercising practices.

Challenges

Customer and Member Service Center (CMSC) was extremely busy responding to telephone and email inquiries following three mass communications to members covering facility reopening, resumption of membership billing in June and the 2020 Play Pass program. From 1 June through 3 July, the CMSC staff responded to 2,311 voicemail messages and 5,735 email inquiries. While the team continues to work primarily remotely, we did bring some staff in to work onsite during the latter part of June.

Opportunities

DCM is finalizing a 5-week digital marketing campaign to drive membership leads for fitness facilities, which will launch in the final week of July. Messaging is built around our "New Way to Play" theme and

will focus on measures that CA is taking to keep members safe as they return to our facilities. Media will include digital banner advertising and two targeted email blasts.

Department of Open Space and Facility Services

Highlights

The Department of Open Space and Facility Services (DOSFS) continues to maintain the open space and facilitate the opening of various CA buildings. Major capital improvements are currently on hold, but smaller projects, such as roof replacements on the Bryant Woods and Thunder Hill neighborhood centers, were completed this month. Work continues to progress on the pathway replacement adjacent to Farbell Row in the Village of Owen Brown, and the paving contractor will begin work on one of the pathways in Symphony Woods Park in August.

Team members from the Open Space Division are responding to resident work orders, working with facility managers to reopen their buildings, while working around reductions in staffing. Team members have worked continuously since March in the shadow of the COVID-19 restrictions, providing services and other assistance that keep the open space available to the Columbia community.

Construction

- The Tribe Studio and the new Cycle Studio were completed at the Columbia Gym in fourth quarter Fiscal Year 2020.
- Roof replacements were completed at Bryant Woods and Thunder Hill neighborhood centers and the Kendall Ridge pool during the first quarter of Fiscal Year 2021.
- Emergency drainage improvements were completed at the Barn in Wilde Lake.
- Construction Management team is finalizing designs, applying for construction permits, and hiring contractors, as we proceed to restart the capital improvements program.
- Maintenance crews spent a lot of time preparing our fitness clubs for reopening by installing Covid-19 inspired health dispensers and facilities.
- Real Estate Services group has been busy working through various easements and encroachment issues.
- Construction Management team also did some interior improvements at the Columbia Swim center, including installing new epoxy floors in the shower stalls, to prepare for its reopening.

Department of Community Services

Highlights

- Worked with staff on reopening contingencies for School Age Services.
- Had several meetings with representatives from Howard County Public Schools about the reopening of schools in the fall of 2020.
- Submitted applications to the Maryland Department of Education to license the Teen and Art Centers as sites for childcare services. Working with the Long Reach Village Manager to explore if Stonehouse can be used by CA for childcare in the fall.
- Answered emails and phone calls from parents about refunds, status of staff, and registrations for next year in School Age Services.
- Team members from the Art Center, Archives, School Age Services, and Teen Center worked on the next installment of videos and lessons for CA at home.



Challenges

It has been challenging to determine registration and staffing needs for School Age Services for the fall without a re-opening decision from the Howard County Public School System.

Thought of the Month

“You cannot control the weather, but you can adjust your sails.”

Report from the Inner Arbor Trust July, 2020

1. Pathway update: both the County and the CA pathways have been approved and should be completed by October 1, 2020 or sooner.
2. Operating grants are still in process: Maryland State Arts Council grant of \$20,000 has been granted but we do not know what covid-19 related changes will need to be made to the state's budget. Due to CA's drastic budget cuts, The Columbia Association grant to the Trust for this fiscal year has been cancelled. The Trust is continuing to look for additional sources of grant funding, both local and national.
3. Janet Evens will chair the advisory committee on the updated concept plan for the Park. The report is expected to be completed in October.
4. The Trust is exploring cooperating with Drama learning Center and/or Rec and Parks on a free summer musical at the Park in 2021.
5. Legal update: The Columbia Association/ IAT suit for a preliminary injunction against IMA and DCACC to stop the Symphony of Lights from operating a vehicular event in Symphony Woods Park has been filed and a response is due July 20, 2020. All questions about the lawsuit should be referred to Milton Matthews at CA.

Columbia Association, Inc.

Financial Statements

April 30, 2020 and 2019

DRAFT 7/14/20

Columbia Association, Inc.

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DRAFT 7/14/20



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, 2020 and 2019, 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.

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, 2020 and 2019, 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.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Association adopted the following new accounting guidance contained in Accounting Standards Update (ASU):

- ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*.
- ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*.

Our opinion is not modified with respect to these matters.

CliftonLarsonAllen LLP

Baltimore, Maryland
REPORT DATE

Columbia Association, Inc.
Statements of Financial Position
April 30, 2020 and 2019
(in Thousands)

Assets

	2020	2019
Cash and cash equivalents	\$ 60	\$ 99
Accounts receivable, net	2,022	2,944
Prepaid expenses and other assets	494	1,707
Risk management fund	3,631	6,596
Workers' compensation fund	3,575	3,544
Property, facilities and equipment, net	138,891	135,600
Intangible assets, net	319	319
	<hr/>	<hr/>
Total assets	\$ 148,992	\$ 150,809
	<hr/>	<hr/>

Liabilities and Net Assets

Liabilities		
Line of credit	\$ 9,746	\$ 11,001
Accounts payable and accrued expenses	14,274	13,791
Deferred revenue	3,698	4,466
	<hr/>	<hr/>
	27,718	29,258
	<hr/>	<hr/>
Term debt		
Term loan, net of deferred financing costs	20,304	22,150
Capital lease obligations	54	195
	<hr/>	<hr/>
Total term debt	20,358	22,345
	<hr/>	<hr/>
Total liabilities	48,076	51,603
	<hr/>	<hr/>
Net assets		
Net assets without donor restrictions	100,916	99,206
	<hr/>	<hr/>
Total net assets	100,916	99,206
	<hr/>	<hr/>
Total liabilities and net assets	\$ 148,992	\$ 150,809
	<hr/>	<hr/>

Columbia Association, Inc.

**Statements of Activities
Years Ended April 30, 2020 and 2019
(in Thousands)**

	<u>2020</u>	<u>2019</u>
Revenue		
Annual charge	\$ 42,090	\$ 40,867
Sport and fitness	23,447	25,932
Community services	3,843	4,778
Communications and marketing	134	152
Open space and facility services	363	778
Village community associations	(6)	(82)
Interest income and other	345	164
Unrealized (loss) gain on marketable securities	<u>(8)</u>	<u>60</u>
Total revenue	<u>70,208</u>	<u>72,649</u>
Expenses		
Program services:		
Sport and fitness	29,721	29,881
Community services	6,848	6,546
Communications and marketing	2,572	2,842
Open space and facility services	14,709	14,315
Village community associations	<u>4,818</u>	<u>5,145</u>
Total program services	58,668	58,729
Supporting services:		
Administrative	<u>9,830</u>	<u>10,084</u>
Total expenses	<u>68,498</u>	<u>68,813</u>
Increase in net assets without donor restrictions	1,710	3,836
Net assets without donor restrictions, beginning of year	<u>99,206</u>	<u>95,370</u>
Net assets without donor restrictions, ending of year	<u><u>\$ 100,916</u></u>	<u><u>\$ 99,206</u></u>

Columbia Association, Inc.

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

	Sport and Fitness	Community Services	Communication and Marketing	Open Space and Facility Services	Village Community Associations	Total Program	Administrative	Total
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
Total functional expenses	\$ 29,721	\$ 6,848	\$ 2,572	\$ 14,709	\$ 4,818	\$ 58,668	\$ 9,830	\$ 68,498

Columbia Association, Inc.

**Statements of Functional Expenses
Year Ended April 30, 2019
(in Thousands)**

	Sport and Fitness	Community Services	Communication and Marketing	Open Space and Facility Services	Village Community Associations	Total Program	Administrative	Total
Salary, Wages, and Contract Labor	\$ 11,959	\$ 3,490	\$ 1,372	\$ 4,293	\$ -	\$ 21,114	\$ 4,914	\$ 26,028
Annual Performance Incentives	6	1	3	1	-	11	21	32
Payroll Taxes	1,019	286	106	324	-	1,735	345	2,080
Employee Benefits	1,282	380	232	829	-	2,723	820	3,543
Operating Supplies/Expenses	1,625	516	1,158	556	17	3,872	330	4,202
Technology Supplies/Expenses	19	4	50	10	4	87	751	838
Collection and Treasury Expenses	249	81	465	(6)	-	789	149	938
Fees	843	251	268	2,192	416	3,970	1,253	5,223
Comm. Assoc. Annual Charge Share Grant	-	-	-	-	3,226	3,226	-	3,226
Temporary Funding & Grants Expense	-	720	-	-	-	720	-	720
Rentals	1,205	237	248	139	7	1,836	397	2,233
Utilities	1,326	81	19	99	10	1,535	509	2,044
Insurance & Taxes	748	40	1	231	32	1,052	154	1,206
Repairs & Maintenance	2,468	128	26	1,617	446	4,685	27	4,712
Depreciation	5,682	139	42	3,692	913	10,468	379	10,847
Allocations	1,450	192	(1,148)	338	74	906	35	941
Total functional expenses	\$ 29,881	\$ 6,546	\$ 2,842	\$ 14,315	\$ 5,145	\$ 58,729	\$ 10,084	\$ 68,813

Columbia Association, Inc.
Statements of Cash Flows
Years Ended April 30, 2020 and 2019
(in Thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase in unrestricted net assets	\$ 1,710	\$ 3,836
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Depreciation expense	11,380	10,847
Bad debt expense	121	327
Amortization of deferred financing costs	(29)	13
Loss on disposal of fixed assets	541	1,149
Unrealized loss (gain) on marketable securities	8	(60)
Changes in operating assets and liabilities		
Accounts receivable	801	(83)
Prepaid expenses and other assets	1,213	(44)
Accounts payable and accrued expenses	483	(1,681)
Deferred revenue	(768)	(58)
Net cash provided by operating activities	<u>15,460</u>	<u>14,246</u>
Cash flows from investing activities		
Purchases of investments held by trustees	(17,519)	(15,637)
Proceeds from maturities of investments held by trustees	20,445	15,522
Purchase of property, facilities and equipment	(15,303)	(17,533)
Proceeds from the sale of equipment	91	230
Net cash used in investing activities	<u>(12,286)</u>	<u>(17,418)</u>
Cash flows from financing activities		
Net (repayments) borrowings under line of credit	(1,255)	5,096
Principal payments on capital lease obligations	(141)	(140)
Principal payments on term loan	(1,817)	(1,753)
Net cash (used in) provided by financing activities	<u>(3,213)</u>	<u>3,203</u>
Net (decrease) increase in cash and cash equivalents	(39)	31
Cash and cash equivalents, beginning	<u>99</u>	<u>68</u>
Cash and cash equivalents, ending	<u>\$ 60</u>	<u>\$ 99</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 929</u>	<u>\$ 917</u>

Columbia Association, Inc.

Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)

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.

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, 2020 and 2019 (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.

Assets	Estimated useful lives
Building and recreational facilities	10 to 40 years
Land improvements	20 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, 2020 and 2019, respectively.

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.

Columbia Association, Inc.

Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)

Deferred financing costs

Expenses related to the term loan are being amortized using the effective interest method over the term of the respective debt. Accumulated amortization as of April 30, 2020 and 2019 was \$85 and \$73, respectively. Amortization expense for the periods ended April 30, 2020 and 2019 was \$12 and \$13, respectively. Estimated future amortization expense is as follows:

<u>Year ending April 30,</u>	<u>Amortization expense</u>
2021	\$ 16
2022	17
2023	16
2024	15
2025	14
2026 and thereafter	22
	<u>\$ 100</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. It also includes snack bar sales primarily at the outdoor pools as well as ticket sales at the Customer and Member Service Center for non-CA attractions or events. The Association recognizes revenue at the time of sale.

Community Services

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

Columbia Association, Inc.

Notes to Financial Statements April 30, 2020 and 2019 (in Thousands)

School Age Services - The School Age Services (SAS) Programs are offered in 19 elementary schools and three 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.

Camps - Camps are held during the month of June through August. Camp registration fees are recognized as income when received. Camp revenue is recognized ratably over the camp duration. Unearned revenue is reflected as deferred revenue on the statement of financial position.

Deferred Revenue

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

	2020	2019
Membership fees	\$ 2,142	\$ 2,916
School age services	789	301
Camps	-	404
Other	767	845
	<u>\$ 3,698</u>	<u>\$ 4,466</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 \$806 and \$849 for the periods ended April 30, 2020 and 2019, respectively.

Income taxes

The Association is exempt under 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, 2020 and 2019.

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.

Columbia Association, Inc.

Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on previously reported change in net assets or net asset amounts.

Subsequent events

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

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued several ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Association's financial statements reflect the application of ASC 606 guidance beginning in 2020. No cumulative-effect adjustment in net assets was recorded because adoption of ASU 2014-09 did not significantly impact the Association's reported historical revenue.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This is a clarifying ASU as mentioned above, that distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. Additionally, once a transaction is deemed to be a contribution, this ASU assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for limited purpose or timing. No cumulative-effect adjustment in net assets was recorded because adoption of ASU 2018-08 did not significantly impact the Association's reported historical revenue.

Columbia Association, Inc.

**Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)**

Note 2 - Accounts receivable

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

	<u>2020</u>	<u>2019</u>
Membership fees	\$ 1,795	\$ 2,594
Annual charges	647	691
Other	<u>499</u>	<u>571</u>
Total accounts receivable	2,941	3,856
Less reserves for abatements and allowance for doubtful accounts	<u>919</u>	<u>912</u>
	<u><u>\$ 2,022</u></u>	<u><u>\$ 2,944</u></u>

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:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash and cash equivalents	\$ 82	\$ 82	\$ 50	\$ 50
Government debt securities	3,491	3,534	6,448	6,485
Accrued interest	<u>15</u>	<u>15</u>	<u>61</u>	<u>61</u>
	<u><u>\$ 3,588</u></u>	<u><u>\$ 3,631</u></u>	<u><u>\$ 6,559</u></u>	<u><u>\$ 6,596</u></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:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash and cash equivalents	\$ 2,256	\$ 2,256	\$ 165	\$ 165
Government debt securities	1,318	1,319	3,351	3,364
Accrued interest	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
	<u><u>\$ 3,574</u></u>	<u><u>\$ 3,575</u></u>	<u><u>\$ 3,531</u></u>	<u><u>\$ 3,544</u></u>

Columbia Association, Inc.

Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)

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 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 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, 2020:

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

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of April 30, 2019:

Columbia Association, Inc.

Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total
Government debt securities*	\$ -	\$ 9,849	\$ 9,849

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

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:

	2020	2019
Total assets at year end	\$ 148,992	\$ 150,809
Less:		
Prepaid expenses and other assets	494	1,707
Risk management fund	3,631	6,596
Workers' compensation fund	3,575	3,544
Property, facilities and equipment, net	138,891	135,600
Intangible assets, net	319	319
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,082</u>	<u>\$ 3,043</u>

Columbia Association has \$2,082 and \$3,043 of financial assets available within one year as of April 30, 2020 and 2019, respectively, on the statement of financial position date to meet cash needs for general expenditures. This consists of cash of \$60 and \$99 and accounts receivable of \$2,022 and \$2,944 as of April 30, 2020 and 2019, 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.

In addition, in the event of unanticipated liquidity needs, the Association has a line of credit in the amount of \$30,000 of which \$9,746 and \$11,001 was committed as of April 30, 2020 and 2019. This line of credit is used to meet liquidity needs. See also Note 8 and Note 16.

Columbia Association, Inc.

**Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)**

The Association's operating activity generates positive cash flow of approximately \$15,525 based on a five year average of cash provided by operating activities. The cash is used to fund capital projects and debt service. Any additional funds needed for approved expenditures are obtained from line of credit borrowings.

Note 6 - Property, facilities and equipment, net

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

	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
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>

Property, facilities and equipment consist of the following as of April 30, 2019:

	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Land	\$ 6,533	\$ -	\$ 6,533
Parks, lakes and related improvements	93,578	43,675	49,903
Buildings and recreation facilities	130,011	65,041	64,970
Leasehold improvements	5,568	2,017	3,551
Equipment and vehicles	29,185	22,125	7,060
Other	3,608	25	3,583
Property, facilities, and equipment	<u>\$ 268,483</u>	<u>\$ 132,883</u>	<u>\$ 135,600</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 2020 and 2019) 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 2020 and 2019.

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

2020	\$ 12,409,853
2019	11,898,862

Columbia Association, Inc.

Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)

Note 8 - Line of credit

The Association has available an unsecured line of credit with a bank, which, under a loan agreement, is limited to borrowings of \$30,000. The outstanding note bears interest at the lower of the bank's prime rate or LIBOR plus 55 basis points (1.25% and 3.03% as of April 30, 2020 and 2019, respectively) and is due on demand. Additionally, the note bears 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 \$9,746 and \$11,001 outstanding under the line of credit as of April 30, 2020 and 2019.

Note 9 - Term debt

Term loan

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 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 of April 30, 2020, the future loan principal payments are as follows:

2021	\$	1,887
2022		1,957
2023		2,031
2024		2,105
2025		2,185
2026 and thereafter		10,239
Total term loan		20,404
Less deferred financing costs, net		(100)
Term loan, net	\$	<u>20,304</u>

Capital lease obligation

The cost and accumulated amortization of equipment under capital leases were \$574 and \$539, respectively, as of April 30, 2020, and \$574 and \$468, respectively, as of April 30, 2019. As of April 30, 2020, the future minimum annual payments under capital leases of \$54 were due in 2021.

Note 10 - Retirement benefit plan

Substantially all full-time and eligible part-time employees are covered by a defined contribution retirement benefit plan. Contributions are based on 6% of eligible employees' salaries. Employees become fully vested after six years of service. However, effective April 13, 2020, due to the financial pressures from COVID-19, employer contributions have been reduced to 3% and vest immediately. Expenses under this plan were \$1,213 and \$1,189 for the years ended April 30, 2020 and 2019, respectively.

Columbia Association, Inc.

Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)

Note 11 - Commitments

The Association leases certain facilities and equipment under operating leases. Rental expense, exclusive of these costs, was \$2,152 and \$2,093 for the periods ended April 30, 2020 and 2019, 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 \$528 and \$486, which was included in accounts payable and accrued expenses as of April 30, 2020 and 2019, respectively.

As of April 30, 2020, the Association's total commitment for minimum annual rentals, exclusive of maintenance and other occupancy costs, under non-cancellable operating leases is:

2021	\$	1,610
2022		1,642
2023		1,675
2024		1,708
2025		1,743
2026 and Thereafter		<u>2,836</u>
Total	\$	<u><u>11,214</u></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 valued at \$460. Accrued abatements of \$290 and \$327 were included in accounts payable and accrued expenses as of April 30, 2020 and 2019, respectively.

The lease for Haven on the Lake includes a rent abatement for the period September 1, 2014 to August 31, 2015 valued at \$386. Accrued abatements of \$187 and \$222 were included in accounts payable and accrued expenses as of April 30, 2020 and 2019, respectively. The lease also includes a tenant improvement allowance of \$1,378. Accrued allowances of \$847 and \$913 were included in accounts payable as of April 30, 2020 and 2019, respectively. The abatements and allowances are amortized over the life of the lease and are reflected as a reduction of rent expense as reported in the statements of activities.

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 10th anniversary of the benefit commencement date. The employee contributes the remainder of the health care cost.

Columbia Association, Inc.

Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)

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:

	<u>2020</u>	<u>2019</u>
Reconciliation of benefit obligations		
Obligation at beginning of year	\$ 729	\$ 705
Service cost	28	32
Interest cost	28	29
Actuarial loss	4	-
Plan amendments	56	-
Amortization of net loss	-	(5)
Amortization of unrecognized past service cost	-	(15)
Benefit payments	<u>(16)</u>	<u>(17)</u>
Obligation at end of year	<u>\$ 829</u>	<u>\$ 729</u>
Amount not yet recognized in net periodic postretirement benefit costs		
Unrecognized prior service credit	\$ 50	\$ -
Unrecognized gain (loss)	<u>(140)</u>	<u>112</u>
Total amount not yet recognized in net periodic postretirement benefit costs	<u>\$ (90)</u>	<u>\$ 112</u>
Net periodic postretirement benefit costs include		
Service cost	\$ 28	\$ 32
Interest cost	28	29
Amortization of net gain from prior periods	(19)	-
Amortization of unrecognized prior service cost	<u>6</u>	<u>15</u>
Net periodic postretirement benefit costs	<u>\$ 43</u>	<u>\$ 76</u>

The discount rate was 2.8% and 4.45% as of April 30, 2020 and 2019, respectively. The gross trend rate for health care coverage is 4.45% for all years.

Columbia Association, Inc.

**Notes to Financial Statements
April 30, 2020 and 2019
(in Thousands)**

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, 2020:

	<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	\$ (6)
Effect on the health care component of the accumulated postretirement benefit obligation	90	(79)

The following is a projection of expected future benefits under the plan:

2021	\$ 30
2022	34
2023	46
2024	51
2025	62
2026 - 2030	345

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 \$1,130 and \$1,287 are included in accrued expenses as of April 30, 2020 and 2019. 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 \$2,401 and \$2,358 are included in accrued expenses as of April 30, 2020 and 2019, respectively. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

Columbia Association, Inc.

**Notes to Financial Statements
April 30, 2020 and 2019
(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, 2020.

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 – Subsequent Events

On March 11, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Association, COVID-19 may impact various parts of its 2020 operations and financial results, including sport and fitness, community services, open space and facility services. Management believes the Association is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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 the principal and interest shall be payable in equal monthly installments of \$260 beginning August 1, 2020 through its maturity date, on June 1, 2027. The proceeds from this loan were used to pay off the Line of Credit in Note 8.

Additionally, 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 \$10,000 which shall be increased to \$20,000 if certain conditions are met by September 15, 2020. The outstanding note bears interest at the adjusted LIBOR rate. Interest only on the outstanding principal balance shall be payable monthly beginning August 1, 2020. The Line of Credit matures on June 1, 2023.



July 17, 2020

To: Members of the Columbia Association Board of Directors
Milton W. Matthews, President/CEO

From: Susan Krabbe, Vice President/CFO

cc: Jackie Tuma, Director of Internal Audit

Subject: Fourth Quarter FY 2020 Financial Report

The Audit Committee will review the FY 20 Audited Financial Statements and FY 20 Fourth Quarter Financial Report during their July 20, 2020 meeting. We anticipate that the committee members will vote to recommend that the Board of Directors be presented with the FY 20 Audited Financial Statements and FY 20 Fourth Quarter Financial Report at that meeting. The link to the Financial Report has been posted as back-up material to the July 23, 2020 Board meeting. The file is too large to post, so 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 "Financial Reports to the Board," then select "FY20 Fourth Quarter" from the list of financial reports posted.

If you have any questions, please let me know.

Board Request Tracking Log
FY 2021
As of July 10, 2020

	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	Nancy McCord	Communications to the Community	5/28/2020	BOD; Communications and Marketing	On-going	The BOD is working on a draft overall communications strategy to ensure that a consistent message is given to the community. Communications and Marketing is using the website and social media to inform the community of CA's reopening plans.
3	Nancy McCord	Members wish to pay dues and help CA's financial situation in hopes of using the facilities sooner	5/28/2020	Accounting	On-going	Membership billing to be sent on 6/19/2020. CA is a 501(c)(4) organization and cannot accept donations.
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Resident Request Tracking Log
FY 20
As of July 10, 2020

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