



December 2, 2021

Dear Members of the Columbia Association Board of Directors:

I am pleased to present you with the organization's Financial Report for the second quarter of Fiscal Year ("FY") 2022, covering the six months from May 1, 2021 to October 31, 2021.

You will see that this Financial Report is in the organizational format of previous reports, as opposed to the format of my organizational realignment that established the Department of Community Programs and Services led by Vice President Dan Burns and the Department of Community Operations led by Vice President Dennis Matthey. That realignment was initiated in early October, which did not allow enough time in the reporting cycle to reflect those changes in the FY 2022 second quarter financial report. Our intention is to produce the FY 2022 third quarter financial report in a format that reflects the new organizational realignment.

We completed the second quarter \$6.3 million above budget and \$216,000 above the same period in FY 2021. The three pillars of CA's financial success in FY 2021 continue to provide strong and reliable financial results halfway through FY 2022:

- Resource stewardship
 - The April 30, 2021 closing of Haven on the Lake and subsequent subleasing of the space contributed approximately \$2 million to the favorable results projected for FY 2022.
 - Staff efforts to continually alternative sources of funding have resulted in the receipt of \$862,500 in Maryland State Department of Education grants for our School Age Services program.
- Community stability – the July 2021 annual charge billing was higher than budgeted as Columbia residential property values continue to exceed expectations and commercial property abatements have been slower to materialize than anticipated.
- Community activation – our community continues to engage in CA gatherings, activities, wellness opportunities, etc. at levels beyond our initial expectations around COVID impacts and behavior changes.

Additional financial insights are included in the 2nd Quarter FY 2022 Financial Report. Also, as part of their reports, the department directors have provided further explanation of their second quarter results, including noteworthy variances.

I am very proud of these excellent financial results for Columbia Association, especially as we are still in the throes of a global pandemic. However, news of the omicron variant of COVID-19 is currently creating uncertainty and anxiety world-wide and close to home. On an economic standpoint, inflationary pressures are being felt by everyone, including CA. It remains critically important to remember that we continue to conduct the business

of CA in unprecedented, uncertain and challenging times. For example, while vacant staff positions and supply chain challenges have contributed to our expense savings for the period, staff recruiting and supplier difficulties present significant operational challenge. These challenges are impacting organizations nationwide, and we see no true means of relief on the horizon.

We appreciate your leadership in all of CA's efforts especially during this extended season of unparalleled disruption and challenge for each of us. We remain committed to serving the Columbia community and stewarding CA forward responsibly.

Lakey K. Boyd
President/CEO
Columbia Association, Inc.



COLUMBIA ASSOCIATION, INC. SECOND QUARTER FY 2022 FINANCIAL REPORT

VARIANCE EXPLANATIONS are required for line-item variances in a budget center (not summary page) for each variance that exceeds \$25,000 and 25 percent. This requirement does not apply to totals or subtotals.

ORGANIZATIONAL REALIGNMENT NOTE

The organizational realignment that established the Department of Community Programs and Services led by Vice President Dan Burns and the Department of Community Operations led by Vice President Dennis Matthey was initiated in early October 2021. There was not enough time in the reporting cycle to reflect those changes in the FY 2022 second quarter financial report. Our intention is to issue the FY 2022 third quarter financial report in accordance with the new organizational realignment.

ORGANIZATION-WIDE FINANCIAL HIGHLIGHTS

As Ms. Boyd noted in her letter, Columbia Association ("CA") completed the second quarter of FY22 approximately \$6.3 million, or 29%, over the budgeted increase in net assets. Total income of \$57.3 million was \$3.3 million or 6% above budget for the period and about \$6.6 million, or 13%, above the same period in FY21. Total operating expenses of \$30.4 million were 7% below budget and \$7.2 million, or 31%, higher than the second quarter of last year. At the halfway point in the fiscal year, CA anticipates ending FY22 above budget with an increase in net assets of approximately \$6.8 million.

It should be noted that approximately \$2 million of the projected year-end favorable variance is due to the May 2021 execution of a sublease for the rental of the space formerly occupied by Haven on the Lake and the accounting for the closure of that facility, which was finalized after the FY22 budget was approved.

Haven on the Lake ceased operations as of April 30, 2021. The sublease income for the term of the sublease agreement was netted against the rental expense and other anticipated operating expenses for the remainder of the primary lease, which expires August 31, 2025. That net amount was accrued as a liability as of April 30, 2021 on the statement of financial position.

Income and expenses for the former Haven facility will continue to be recorded in the quarterly financial reports. However, there will be an entry on the Non-Operating Exp./Contingencies line to offset the net loss for each period, because the net loss will be charged against and reduce the liability described above.

Income Variances – Actual to Budget (Year-to-Date and Current Year Estimate)

Key income variances as compared to budget and the year-end estimate are:

- **Annual Charge** revenue is above budget for the period by 4%, due primarily to increased property valuations and transfer activity, and lower than expected abatements. When the FY22 budget was prepared, we anticipated more abatements being processed by the State Department of Assessments and Taxation prior to the July 2021 billing than occurred, based on communication with that department. At the halfway point in the fiscal year, we are more confident now that the annual charge revenue will not be as negatively affected by tax credits and abatements as we anticipated earlier in the year.
- **Tuition and Enrollment** is \$505,000 below budget for the period and is projected to be \$589,000 below budget for the year, due to the impact on the School Age Services program of hybrid learning in Howard County Public Schools during the spring semester of the 2021 school year and lower than anticipated full-day program participation.
- **Fees Income** is better than budget for the period by \$610,000 and is projected to be above budget by \$572,000 for the year, due to greater than expected play at both golf clubs and the tennis facilities and increased participation in the Learn to Skate program at the Ice Rink.
- **Rental Income** is slightly over budget for the period, and is projected to be above budget by \$669,000 for the year, due primarily the sublease income for the former Haven on the Lake property, increased play at both golf clubs (cart rentals) and anticipated sublease income for a portion of the headquarters office space.
- **Other Income** is above budget by \$824,000, which is projected to decrease slightly to \$795,000 for the year. The favorable variance is due to the Maryland State Department of Education grants received by School Age Services to support that program.
- **The total of Direct and Allocated Membership Income** is \$368,000, or 6%, over budget for the period, and is projected to be about \$935,000, or 8%, above budget for the year, due to new membership sales.

Income Variances – Year to Year

Key income variances as compared to the first six months of FY21 are:

- The **Annual Charge** revenue variance of approximately \$1.3 million (3%) is due to increases in assessed valuations for both residential and commercial properties, transfer activity, and additional billing from improvements.
- **Tuition and Enrollment** is \$554,000 greater than last year, due to remote learning in Howard County Public Schools in FY21 because of COVID-19.
- **Fees Income** is \$1.7 million, or 83% higher than the second quarter of FY21, due to the COVID-19 closures and phased re-openings in FY21, the FY22 outdoor pool season, increased play at both golf clubs, and increased participation in fee-based programs at nearly all Sport and Fitness facilities.
- **Other Income** is \$866,000 greater than the same period last year, due to the Maryland State Department of Education grants received by School Age Services to support that program.
- **Direct and Allocated Membership Income** combined are over \$2 million, or 50%, higher than the same period last year, due to an increase in membership sales after the FY21 COVID-19 closures and restrictions were lifted, the opening of 16 outdoor pools in FY22 and more community members returning to our facilities.

Expense Variances – Actual to Budget (Year-to-Date and Current Estimate)

Key expense variances as compared to budget and the year-end estimate are as follows:

- **Personnel costs** (the sum of salaries, wages, annual performance incentives, contract labor, payroll taxes and employee benefits) are \$999,000 or 7% below budget for the period, the same percentage variance as reported for the first quarter. The variance is

due to vacancies in a number of positions, as well as the impact of hybrid learning on the School Age Services (SAS) program from March 2021 through the end of the 2021 school year and lower than anticipated SAS and camps participation. Multiple recruitment efforts are ongoing to fill vacant positions; this continues to be a significant challenge for the organization.

- **Operating Supplies/Expenses** are under budget and expected to be at budget for the year due to the COVID-19 closure and the ongoing impact of the pandemic on CA programs, facility usage and restrictions on events and gatherings; operational efficiencies; and, supply chain challenges for some materials.
- **Fees** are \$529,000, or 29% above budget for the period, and we anticipate the variance to increase to \$632,000 for the year, due to fees for outsourced interim IT leadership and support, the outsourced part-time interim general counsel, other legal matters and the brokerage fee for subleasing the former Haven on the Lake space. Increased spending in Open Space is also contributing to the overage.
- **Repairs and Maintenance expenses** are under budget by \$206,000, but are anticipated to be only slightly under budget for the year, due primarily to timing related to supply chain delays in materials and contractors.
- **Depreciation** is under budget by \$531,000 for the period, and is anticipated to be \$959,000, or 7%, under budget for the year, primarily due to projects closing later than anticipated, intentionally reduced spending in FY21 and no further depreciation expense to be recognized for Haven on the Lake after its April 30, 2021 closure.

Expense Variances – Year to Year

Key expense variances as compared to the prior year are as follows:

- **Personnel costs** (the sum of salaries, wages, annual performance incentives, contract labor, payroll taxes and employee benefits) are \$4.7 million greater than in the second quarter of FY21, due to the COVID-19 closures and phased re-openings in FY21, increased participation in our programs and services, the opening of 16 outdoor pools in FY22, and the return to full pay and standard hours for staff.
- **Operating Supplies/Expenses and Repairs and Maintenance** are significantly greater than the same period last year, due to the COVID-19 closures and phased re-openings in FY21, increased participation in our programs and services, and the opening of 16 outdoor pools in FY22.
- **Fees** are \$898,000, or 62% above the second quarter of FY21, due to the COVID-19 closures and phased re-openings in FY21 and increased participation in our programs and services, increased legal fees for certain matters and temporary legal services required by the vacancy in the general counsel's position. Interim outsourced IT leadership and other services due to the vacancy in the Director of IT position. Implementing multi-factor authentication and a Lawson upgrade also contributed to this variance.

For further explanation of individual variances throughout the organization, please refer to the FY22 Second Quarter Financial Report and the reports from the department directors.



SECOND QUARTER FY 2022 FINANCIAL REPORT SPORT AND FITNESS DEPARTMENT

The Sport and Fitness Department completed the second quarter of fiscal year 2022 \$2,763,000 (40%) better than budget and \$310,000 (7%) better than the same period last year. Increases in Fees Income and Membership Income combined with savings in Personnel Expenses, Operating Supplies/Expenses, Repairs and Maintenance and Depreciation combined to create the positive variance. The accounting for the closure of Haven on the Lake also contributed to the positive variance. We expect these items to persist, and to finish the year \$4,053,000 (32%) better than budget.

Department highlights for the Second Quarter of FY22 include:

Community Engagement

August, September and October brought more opportunities for the team to offer free community yoga, Zumba classes, and tips on healthy eating and exercise to such varied audiences as the Wilde Lake (community) Backyard Bash, the Stevens Forest Elementary Family Fun Night and Oakland Mills High School freshman back-to-school event.

On October 1st, the SportsPark, in collaboration with the Millennial Advisory Committee, held its first Midnight Mini Golf event for those 21 years and older. This was an opportunity for teams from multiple departments to engage with the community in a unique event. More than 200 attendees enjoyed food trucks, games, prizes and beer/wine until late in the evening.

The SportsPark also was host to a spectacular CA Trunk or Treat Event on October 30th. The Trunk or Treat was a free community event and featured games and treats for the kids of Columbia. More than 1,700 members of the community attended and were treated to games, events and, of course, sweet treats. This event involved teamwork from several different departments and locations as well as members of the community.

The team participated in Howard County's Walktober Event hosting a complimentary dance break for walkers at Lake Elkhorn on October 30th. Despite the cool, wet weather, walkers joined in for a Haunted Dance Party.

Comings and Goings

After 16 years at the helm of the Columbia Athletic Club, general manager Leslie Flynn moved to Colorado with her family. In September, we were excited to announce that Chris Lucas, most

recently assistant general manager for Supreme Sports Club, was promoted to general manager of the Athletic Club.

CA's first director of Membership Sales, Mike Fecht, moved with his family to Georgia after four years of sales team development. We now welcome June Palmer to the team as the new director of Membership Sales.

Golf

Seventy members participated in the Hobbit's Glen Club Championship in August -- members Nick Desimone and Tara Coates were the Men's and Women's champions for the 2021 season.

Fitness

The three fitness clubs have partnered with Howard County Public School System's (HCPSS) Transition & Work Study Program to provide work study opportunities for special needs students beginning in November. All three clubs will have students working alongside staff to fold towels, clean equipment and welcome members midday Monday through Friday. Some students may be accompanied by a teacher or para-educator and others who are more independent will be working just with staff. HCPSS and CA are excited for the opportunities this will provide the students, and they bring some great energy into the facilities.

Supreme Sports Club

After a long hiatus, the popular Teen Glow Skate is back on Friday nights from 7-9pm. An additional family-friendly public skate session was added Saturday 3:30-5:30pm.

Supreme Skate Arena featured a special Halloween-themed public skate session on Saturday, Oct 30. Roller skate party bookings continue to grow. We had 17 parties during skate sessions from October 12 - November 15.

Supreme KidSpace hosted two Adventure Days that served 44 kids. During Adventure Day, the kids enjoyed physical activity games, arts/crafts and School's Out Roller Skate.

Tennis

CA Racquet Sports renewed our partnership with Maryland Special Olympics Tennis to host their practices and tournament at Wilde Lake Tennis Club for nine weeks beginning in August.

CA played host to the United States Tennis Association Mid-Atlantic 40 & over Sectional Championships at Owen Brown Tennis Club and Wilde Lake Tennis Club for more than 500 players over three days.

Aquatics

Aquatics completed the outdoor pool season on Labor Day. We had 306,106 admissions between the Saturday before Memorial Day and Labor Day. The full indoor pool schedules began on September 7 -- Clippers, Masters, Swim Lessons and Clinics -- as well as all normal operating hours.

Ice Rink

On October 23rd and 24th, the Columbia Ice Rink celebrated its 50th anniversary. Prices for admission and concessions were rolled back to 1971. Many CA members took advantage of the free rental skate offer and were given commemorative 50th anniversary hockey pucks. Nearly 500 visitors attended the public skate, many for the first time. The Howard County Commissioner's office presented the rink with a proclamation citing the rink's dedication to the community.

On October 26th, the Ice Rink donated ice time and rental skates to the Oakland Mills High School physical education class. Fifty-five students enjoyed the sport of ice skating, some for the first time.



SECOND QUARTER FY 2022 FINANCIAL REPORT COMMUNITY SERVICES DEPARTMENT

The Community Services Department finished the second quarter of fiscal year 2022 \$803,000 (93%) better than budget and \$867,000 (94%) better than the same period last year. The positive variance is a direct result of the grants for the current school year to the School Age Service program from the Maryland State Department of Education. We project that the grant funding and payroll savings due to staffing shortages will combine to allow us to finish the fiscal year \$549,000 (32%) better than budget.

Department highlights for the Second Quarter of FY22 include:

Community Engagement

The Youth and Teen Center (YTC) partnered with Oakland Mills Leadership Teams (OMLT) on the Movie in the Mills Event in celebration of Hispanic Heritage Month on Friday Oct 29th.

Art Center

The Art Center participated in Long Reach Village's 50th Birthday Celebration on October 16, 2021. Columbia Art Center hosted an outdoor ceramics sale, student art sale, a family art activity, a RAKU firing in the Japanese Garden, and facility tours. More than 200 people visited the Art Center during the event. Columbia Art Center also hosted the green room for musicians and dancers performing in the 50th Birthday event to use before and after their performances. CA has operated the Art Center since 1988.

School Age Services

School Age Services has begun receiving grants from Maryland State Department of Education (MSDE) to be used to cover staffing and operational expenses for the program.

Youth and Teen Center

The Youth and Teen Center opened The Barn on Friday October 15 for an afternoon drop-in program when the Howard County public schools were closed.

The Middle School and Teen Advisory Committee orientation was held on October 28 to welcome new and returning committee members.

YTC began offering Teen Night Tuesdays from 6-8pm at The Barn to provide another opportunity for youth to gather, socialize and have fun.

Multicultural Programs

Sister Cities committee volunteers also participated in the Long Reach 50th Birthday Celebration. They had tables with Chinese artists, Haitian art for sale, and a fundraiser that raised \$370 to be used for Tema, Ghana Sister Cities activities.

Columbia Maryland Archives

The Columbia Maryland Archives displayed a "walk along" exhibit of four posters at the Village of Long Reach's 50th Birthday celebration, which talked about the history and community of the village over the past 50 years.



SECOND QUARTER FY 2022 FINANCIAL REPORT DEPARTMENT OF OPEN SPACE AND FACILITY SERVICES

The Department of Open Space and Facility Services is responsible for the management of Columbia's 3,600+ acres of open space, the construction, renovation and maintenance of CA's building inventory, capital improvements in Columbia's open space, watershed management and education and energy management. This department includes the functions and operational units of Open Space Maintenance and Services, Landscape Services, Facility Services, Fleet Management, Energy Management and Sustainability, Real Estate Services, Capital Improvements and Watershed Management and Improvements.

The Department of Open Space and Facility Services completed the second quarter \$390,000, or 5%, below budget, and current projections indicate ending the fiscal year \$122,000, or 1% under budget.

Noteworthy accomplishments during the second quarter included the following:

- Completion of Amherst House sprinkler system and flooring replacements
- Completion of Owen Brown Community Center and Maintenance Facility roof replacements
- Tot lot replacement at Bryant Woods Neighborhood Center
- Structural repairs at Columbia Horse Center
- Electric vehicle charging station installation at Dorsey's Search Meeting Room
- Installation of six ENERGY STAR HVAC units at Stonehouse and the Art Center
- LED lighting retrofit at Talbott Springs Neighborhood Center
- Sanitary sewer repairs at Supreme Sports Club and Hobbit's Glen Pool
- Installation of four pedestrian bridges and associated work throughout Columbia
- Tot lot repairs and refurbishment at Athletic Club, August Light, Lightfall and Camelback
- Completion of the paving project from Audubon Drive to Kiteline Court
- Completion of the stream stabilization project at Majors Lane
- Installation of two new bioretention facilities at Manor Hill
- Invasive bamboo removal at Angelina Circle and Thunder Hill Road
- Completion of WSSI Stream Restoration contract, allowing for the restoration of over 33,000 feet of streambed
- Finalized the Shaw Property annexation so that it is now subject to the CA annual charge and part of the Village of River Hill



SECOND QUARTER FY 2022 FINANCIAL REPORT DEPARTMENT OF COMMUNICATIONS & MARKETING

Member Acquisition: Following a record quarter (Q1FY22) for lead generation and new member acquisition, the Marketing team experienced an expected decline in demand for CA memberships in what is typically a slow period during the year. Lead generation volume was approximately 49% lower than the previous quarter, and cost per member acquisition was a little more than double the previous quarter, though still lower than historical average.

This past summer included re-opening of 16 outdoor pools following the previous year's closures and the rollout of COVID-19 vaccinations for most adults but largely preceded the subsequent onset of Delta variant concerns.

In September, the team welcomed a new Senior Marketing Manager, filling a critical vacancy required to develop and deploy effective marketing strategies.

CA Points Program: While this program, providing incentives and membership opportunities to low-income families, was first created approximately 20 years ago, CA created a more public campaign to promote CA Points to eligible students, along with revamped enrollment processes and partner communications (parents and school liaisons).

Customer Care: With the Welcome Center opening in the previous quarter, the Customer Care Team has provided the community and members with an efficient hybrid experience, allowing for in-person consultations as well as streamlined virtual customer service via phone and email. During the quarter, the Customer Care team responded to 4,345 phone calls (a little over 70 phone inquiries per business day) and provided more than 3,000 answers and information via email response. Walk-in traffic during this period was just over 1,400 visits.

Website: The CA Website remains an important channel for CA to provide information across a vast array of facilities and services, but requires substantial re-organization and content updates to best serve the community and the organization. Investments were made this quarter in resolving core navigation improvements, and some progress was made in reviewing existing content in partnership with CA teams, though much work remains to be done. Challenges in member acquisition delayed progress in website improvements somewhat during the quarter.

Columbia Conversation: The Columbia Conversation project continued to draw new visitors and insights during the quarter, attracting approximately 1,100 unique visitors to the dedicated website

at ColumbiaConversation.org during this period. Insights from the comments and input provided across a wide variety of topics have been presented to the CA Board, and the associated Facebook Group remains active while we explore new options for community engagement in the new year.



SECOND QUARTER FY 2022 FINANCIAL REPORT DEPARTMENT OF ADMINISTRATIVE SERVICES

Administrative Services finished the second quarter of fiscal year (FY) 2022 \$2.2 million, or 5% above budget, and \$1.4 million, or 3%, higher than FY21. The variances are primarily due to the increase in annual charge revenue, due primarily to assessed valuation increases, phase-in values from transfers and additional billing for improvements. We anticipate ending FY22 with a favorable variance of \$2.1 million, or 5%.

Second quarter highlights from the department include:

Accounting and Finance

The finance team led the FY23 scenario development project for purposes of determining corporate and community priorities and related operating budget direction. This was a new approach and was completed (the scenario phase) within a compressed time frame. Our team modified the budget system to accommodate different scenarios, to accommodate the new organizational structure, and trained department budget managers so that they could develop their scenario P&L's using a familiar tool.

The annual charge team responded to thousands of calls and emails, and processed many refunds and credits, as well as handling collection efforts including lien processing.

Human Resources and Learning and Organizational Development (HR)

The Human Resources (HR) team continued to be very active with multiple initiatives in addition to their daily support of CA managers and team members. Some of these initiatives are:

- Led and supported CA's diversity, equity and inclusion (DE&I) committees, in the development of pronouns workshops and the Introduction to Pronoun Use e-learning course.
- Prepared for and hosted the Optics workshops for all full-time and many part-time CA team members, a key component of our ongoing DE&I efforts.
- Completed the search processes for a new director of IT and a new general counsel.
- Created a customized proof of COVID-19 vaccine electronic document in Dayforce, our human resources information system, in anticipation of a vaccine mandate.
- Tracked continuously changing state and local COVID-19 restrictions as they evolved, to address impacts on CA team members.
- Held several team member recruiting events.

Information Technology (IT)

Information Technology (IT) successfully completed the CA-wide deployment of multi-factor authentication with excellent team member participation and the need for very few devices in lieu of cell phones.

IT continued our ongoing data security program enhancements with another installment of KnowB4 training for all CA users.

The CA IT team continued to operate successfully under outside interim IT leadership -- supporting the organization, equipping 16 outdoor pools and other seasonal facilities, completing important projects and making further progress on the new project delivery process and updated incident response protocol.

Purchasing

The Director of Purchasing participated in several outreach events to further engage MBE, WBE and DBE vendors, including making a presentation on how to do business with CA to approximately 75 firms at the Maryland Procurement Technical Assistance Center (PTAC) webinar. Current and future procurements were discussed, providing detailed information on the types of goods and services CA procures and how to be included in that process.

The Purchasing team continues to develop creative strategies to overcome supply chain issues of shortages, back orders, price increases and long lead times for a variety of products and materials.