



July 14, 2021

Dear Members of the Columbia Association Board of Directors:

I am pleased to present you with the organization's Financial Report for Fiscal Year ("FY") 2021, covering the full 12 months from May 1, 2020 through April 30, 2021, arguably the most challenging fiscal year in CA's history.

In looking back over this last fiscal year, our financial performance was better than anticipated at the beginning of the global pandemic. We completed the fiscal year \$2.8 million better than the budgeted increase in net assets of \$36,000 and \$1.2 million above the FY 2020 results of \$1.7 million.

CA – the Board, our staff, and the Columbia community – accomplished this as a team in different ways.

- Resource stewardship – operated with a fiscal discipline that could be a model for other organizations. CA made difficult decisions with the highest service intentions and the best information available at the time.
- Community stability – the annual charge revenue was higher than forecasted. Residential property sales in Columbia continue to greatly exceed expectations and government actions related to tax credits discussed early in the pandemic were not taken.
- Community activation – members and non-members alike engaged robustly in CA activities, sports, recreational opportunities, etc. as soon as mandates were lifted or eased.

Navigating the impacts of the pandemic on operations and staff, while still applying longer-term vision in decision-making was challenging. A key example was the business decision to close Haven on the Lake. In the short term, the financial impact of closing Haven on the Lake was in FY 2021, but the hard work of staff to secure a sub-lease helped to offset the impact and improve CA's position going forward.

Additional financial insights are included in the 4th Quarter 2021 Financial Report; and, as part of their quarterly reports, the department directors have provided further explanation of their FY 2021 results, including noteworthy variances.

The social, health and financial effects of COVID-19 are not over. We see great signs of hope, engagement, a hunger for “normal” that is becoming more and more actualized, but it is so critically important to remember that we continue to conduct the business of CA in unprecedented, uncertain and challenging times.

We appreciate your leadership in all of the efforts of Columbia Association especially during this season of unprecedented disruption and challenge for all of us. We are committed to serving the Columbia community and stewarding CA forward responsibly.

A handwritten signature in blue ink, appearing to read 'Lakey K. Boyd', with a large, stylized flourish extending to the right.

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



**COLUMBIA ASSOCIATION, INC.  
FOURTH QUARTER FY 2021 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.

**ORGANIZATION-WIDE FINANCIAL HIGHLIGHTS**

As Lakey noted in her letter, Columbia Association (“CA”) completed FY21 approximately \$2.8 million over the budgeted increase in net assets of \$36,000. Total income of \$54.6 million was \$1.4 million or 2.5% below budget for the year and about \$15.6 million, or 22.2%, below FY20. Total expenses of \$51.7 million were 7.5% below budget and \$16.8 million, or 24.5%, lower than last year.

In March 2021 when we presented the third quarter FY21 financial report, we projected an increase in net assets of \$2.1 million for the year. The chart below shows the more significant changes between that projection and the unaudited actual results for FY21.

<b>Q3 FY21 Estimated Increase in Net Assets</b>	<b>\$2,108,000</b>
Increase in the Annual Charge Income versus the Q3 estimate	\$41,000
Improvement in actual Fees Income versus the Q3 estimate	\$274,000
Adjusted Gain (Loss) on Fixed Asset Disposals	\$631,000
Increase in the write-off of undepreciated Haven on the Lake assets and lease obligation	(\$1,348,000)
Improvement in combined membership revenue	\$219,000
Increased savings in personnel costs	\$314,000
Increased savings in Operating Supplies/Expenses	\$236,000
Increased savings in Technology Supplies/Expenses	\$325,000
Additional increase in the Comm. Assoc. Annual Charge Share	(\$41,000)
Higher than projected Repairs and Maintenance Expense	(\$111,000)
Lower than projected Depreciation	\$194,000
Minor changes to the estimates for other line items	\$21,000
<b>Q4 FY21 Actual Increase in Net Assets</b>	<b>\$2,863,000</b>

**Income Variances – Actual to Budget**

Key income variances as compared to budget are:

- **Annual Charge revenue** is 8.7% above budget, primarily as a result of commercial abatements being less than anticipated during this year. In addition, special tax credits and collection relief measures in public discussion at the time the budget was being produced did not develop in FY21. The FY 21 Annual Charge revenue budget included \$4 million of revenue adjustments, primarily for anticipated abatements for commercial properties, as a result of reduced valuations and other possible reductions caused by

COVID-19. As reported for the third quarter, based on projections from Howard County government and communication from the State Department of Assessments and Taxation (SDAT), we determined that CA was over-reserved for abatements for FY21. SDAT management indicated that the department received more commercial valuation appeals than usual, describing the volume as heavy. However, they still do not yet know the full impact. As of mid-June, SDAT stated that 99% of residential appeals and 42% of commercial appeals had been processed. Commercial appeals are typically finished later, as the hearings begin later than residential. Most, if not all, commercial appeals will be finished in time for supplemental bills, the first of which are issued in October. Approved appeals will impact **FY22 annual charge income** for CA. CA staff requested the status of appeals for CA's largest commercial annual charge accounts. Three of them are under appeal and have not yet been resolved. Again, these outcomes would affect FY22 annual charge income.

- **Tuition and Enrollment** is almost \$2.3 million below budget for the year, due to the impact on the School Age Services program of distance and hybrid learning in Howard County Public Schools.
- **Fees Income** is better than budget by nearly \$1.4 million, due to the earlier-than-budgeted reopening of both golf courses and outdoor tennis. Play at both golf courses has exceeded previous years and tennis play and instruction have also been very popular year-to-date.
- **Rental Income** is above budget by \$756,000, due to increased play at both golf clubs (cart rentals) and the Howard County Youth Hockey program at the Ice Rink.
- **The total of Direct and Allocated Membership Income** is \$787,000, or 8.1%, below budget for the year, based on capacity restrictions lasting longer than expected and the return of members being slower than anticipated when the budget was developed.
- **Other Income** is \$4.1 million below budget for the fiscal year, due to the write-off of undepreciated Haven on the Lake assets and adjustment for the remaining lease obligation, net of anticipated sublease income, as a result of the April 2021 closing.

### **Income Variances – Year to Year**

Key income variances as compared to FY20 are:

- The **Annual Charge** revenue variance of approximately \$1.4 million (3.4%) is due to increases in assessed valuations mainly for residential properties, transfer activity and additional billing from new construction and improvements.
- **Tuition and Enrollment** is over \$3.5 million or 96.3% below the prior year due to the March 16, 2020 closure of Howard County Public Schools for the rest of the 2019/2020 school year as well as the later decision to move to 100% virtual learning into March 2021, which shut down CA's School Age Services program. A much smaller childcare program was run in three schools for most of the school year. The decision to not offer summer camps as a result of the COVID-19 pandemic and resulting financial crisis and related capacity restrictions for much of the fiscal year in other programs such as Art Center classes, also contributed to the negative variance.
- **Direct and Allocated Membership Income, Fees Income and Rental Income** are significantly lower than last year, due to the state-mandated closures in March 2020 of most of CA's facilities as a result of the COVID-19 pandemic and the phased reopening of facilities and modified operations and programs.
- **The Other Income** variance of almost \$4.2 million is primarily attributable to the write-off of undepreciated Haven on the Lake assets and adjustment for the remaining lease obligation, net of anticipated sublease income, as a result of the April 2021 closing.

### **Expense Variances – Actual to Budget**

Major expense variances as compared to budget are:

- **Personnel costs** (the sum of Salary & Wages, Annual Performance Incentives, Contract Labor, Payroll Taxes and Employee Benefits) are \$2.1 million or about 9.5% below budget for the fiscal year. The variances are the effect of staffing and scheduling changes as a result of modified operations and programs and continued restrictions on group events and gatherings due to the ongoing pandemic. Approximately \$788,000 of the \$2.1 million variance is attributable to the School Age Services program alone, reflecting the impact on the program of distance learning for most of the school year.
- **Operating Supplies/Expenses** are under budget due to the COVID-19 closure and the ongoing impact of the pandemic on CA programs, facility usage and restrictions on events and gatherings. Remote work for many team members and the savings for School Age Services due to the extension of virtual learning into March 2021 and a much smaller program through April kept CA-wide Operating Supplies/Expenses under budget for the year.
- **Technology Supplies/Expenses** are \$638,000 or 34.1% below budget due primarily to significantly lower than projected needs for Lawson and Dayforce consulting, lower than budgeted costs for the data center move, and some project delays including the implementation of multifactor authentication (in process and scheduled for August 2021).
- **Community Association Annual Charge Share** is \$339,000 over budget for the fiscal year, mainly due to the CA Board's vote to increase the FY21 Annual Charge Share in proportion to the extent that it had been reduced in the budget process based on CA's original annual charge revenue projection for the year.
- **Interest** expense is under budget by \$407,000, or 25.2%, due to lower than budgeted line of credit borrowing needs and because the actual interest rate on the June 2020 term loan financing is more favorable than budgeted.

### **Expense Variances – Year to Year**

The variances in most expense categories between FY21 and FY20 are due to the impact of the COVID-10 pandemic and corresponding financial crisis as it affected CA programs and facilities. Other expense variances are:

- **Depreciation** is \$497,000 higher than FY20 primarily as a result of the renovations at Supreme Sports Club in FY20 and capital improvements in village community association buildings.
- **Interest Expense** is \$273,000 higher than FY20, due mainly to the new term loan obtained in June 2020.

For further explanation of individual variances throughout the organization, please refer to the FY21 Fourth Quarter Financial Report and the reports from the department directors.



## **FOURTH QUARTER FY 2021 FINANCIAL REPORT DEPARTMENT OF SPORT AND FITNESS**

The Department of Sport and Fitness completed fiscal year (FY) 2021 \$1.6 million (13.2%) behind budget and \$4.6 million behind FY 2020.

After finishing the third quarter of FY 21 with a favorable variance to budget, the significant negative variance compared to budget is primarily related to the write-off of undepreciated Haven on the Lake assets taken upon its closure at the end of the fiscal year. Less than expected membership income related to the slower than anticipated lifting of COVID-19 restrictions and higher than expected repair and maintenance expense associated with the earlier re-openings for most facilities also contributed to the negative variance. This was partially offset with better than expected fee and rental income resulting from earlier than anticipated re-openings and lower than anticipated payroll and fees expenses. The negative variance to FY 20 in the third quarter continued to year-end and is primarily related to the write-off transaction for the Haven on the Lake closure, significant declines in membership, fees and rental income related to the COVID-19 closures and slower than anticipated lifting of the related restrictions.

### **Department Highlights for the Fourth Quarter of FY21 Include:**

Member and guest usage began to increase in the fourth quarter even though many state and local COVID-19 safety protocols were still in place through the end of the fiscal year.

#### **Fitness**

In March, Group Fitness began an outdoor class series on Saturday mornings alternating between Supreme and Columbia Gym. Indoors, slight eases in the COVID guidelines allowed the saunas and hot tubs to be re-opened with updated COVID-19 safety guidelines.

KidSpace reopened for children 12 months -13 years with the requirement they wear masks at all times. While visiting KidSpace, kids enjoy a variety of fun, physically-distant, but socially-connected activities including arts/crafts, games and creative play.

With the announcement of the April 30 closure of Haven on the Lake following the final Board budget vote in February, the Haven team worked to transition the following programs/classes to other locations: Aqua Yoga to Athletic Club; and Aqua Spin, Aerial Yoga, Barre, and Pilates to Columbia Gym.

Supreme KidSpace hosted the first return of Adventure Day on Friday, February 12 for 11 kids and featured CDC-friendly activities including roller skating, games and art/crafts.

Columbia Gym hosted its first movie night in a year with 11 families participating in CDC-friendly activities including a movie, games and arts and crafts.

## **Golf**

Despite closing in March of 2020 due to COVID-19, both Fairway Hills and Hobbit's Glen Golf Clubs saw more rounds in FY20 than in FY19. In FY21, both golf clubs exceeded those FY20 numbers by large margins. Fairway Hills had an increase of 10,000 (40%) rounds and Hobbit's Glen had a 7,100 (26%) round increase.

Hobbit's Glen Golf Club hosted the Howard County Schools County Championship on April 12, 2021. The field included 30 of the best students in the County and both champions are CA members! They are:

*Boys Howard County Champion:*  
Benjamin Siriboury

*Girls Howard County Champion:*  
Helen Yeung

Get Golf Ready classes at both golf clubs introduced 40 new students to the game in late March and early April.

## **Tennis**

The Racquet Club at Hobbit's Glen reopened after completing the rebuild of courts 1-4 with a brand new, state of the art hydro-grid irrigation system, all new taller fencing around all courts and a three-level retaining wall. These upgrades provide for a significantly enhanced playing and member experience. The club opened to the community on April 26, 2021, the earliest it has ever opened for the season.

The spring junior and adult instructional programs had over 375 participants enrolled weekly (85-90% of pre-pandemic levels) with over 90% retention session over session.

USTA League play continued its participation growth with close to 90% participation of pre-pandemic levels.

## **Aquatics**

The Aquatics team spent the fourth quarter preparing to open 15 of our outdoor pools for the coming summer. The preparation included hiring and training of team members, cleaning and making necessary repairs to the pools and developing schedules to ensure we are able to serve all of our user groups.

## **Ice Rink**

The Howard County Youth Hockey club created a new spring youth hockey program named the Clippers. Tryouts were held at the Columbia Ice Rink the weeks of March 23 and March 30.

## **SportsPark/Skate Park**

The SportsPark welcomed the community back for the season on April 2, 2021 after the four-month winter closure (December 2020 - March 2021).

Mini-golf and the batting cages saw tremendous usage during the month of April 2021 with 1,705 check-ins as compared to 880 in April 2019, an increase of almost 94% over pre-pandemic levels.



## **FOURTH QUARTER FY 2021 FINANCIAL REPORT DEPARTMENT OF COMMUNITY SERVICES**

The Department of Community Services finished FY21 essentially on budget and \$2.4 million better than last year. The positive variances versus the prior year are primarily due to savings in personnel costs due to pay reductions, staffing and scheduling changes required because of COVID-19 and the significant reduction in grants to outside organizations, also in response to the pandemic and resulting economic issues.

The decreases in Tuition and Enrollment Income and Fees Income are due to cancellation of the Before and After School Care program in Howard County Public Schools for five months in FY21 because of COVID-19. A smaller full-day childcare program was implemented starting in the fall of FY21 to assist working parents with childcare needs. With the decision of the Howard County Public Schools System to begin hybrid learning in March 2021, the Before and After Care program team worked with the schools and parents to bring back the program, subject to on the space available in the schools.

The School Age Services team was successful in securing a total of \$147,000 in grant funding to help offset the impact of COVID-19 on additional expenses for cleaning, costs of reduced student capacity limits and lost income due to the program closure.

- A grant from the Maryland State Department of Education (MSDE) helped us to open child care centers during the COVID-19 pandemic and assisted with the cost of personal protective equipment (PPE) for child care workers.
- A HOCO RISE childcare grant helped to reimburse a small portion of our program interruption cost due to the mandated of our programs.
- Three COVID-19 Pandemic Relief Grants from MSDE also helped CA with the costs of decreased enrollment, reduced capacity limits due to state and local restrictions, temporary closures, and cleaning and sanitation.

Throughout the mandated closures and restrictions on gatherings, Columbia Maryland Archives, Art Center, Camps, Teen Center and School Age Services programs maintained connections to the community through virtual programming via CA@Home. New content was uploaded every two weeks to engage children and adults in arts and crafts, nature activities, Columbia history and family programming to keep everyone active during this time.

Columbia Art Center was closed to the public in March 2020 (due to the mandated closures) and re-opened in October 2020 with a limited range of programs and workshops that have been very well received by the community.



## **FOURTH QUARTER FY 2021 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, Construction Management, Fleet Management, Energy Management and Sustainability, Capital Improvements and Watershed Management and Improvements.

The Department of Open Space and Facilities Services completed the fiscal year \$2.1 million, or 13.1%, below the final Board-approved budget, and \$3.3 million, or 19.2% below FY20, due entirely to the COVID-10 pandemic.

Noteworthy accomplishments during the fourth quarter included the following:

- Received significant national recognition for its energy management program through a U.S. Environmental Protection Agency ENERGY STAR Excellence Award and being highlighted as a case study in the U.S. Department of Energy Better Buildings Program annual report
- Replaced 4 Har-Tru tennis courts at Hobbit's Glen Tennis
- Refurbished tennis courts at the Long Reach Tennis Center
- Refurbished 10 tot lots across Columbia
- Installed a new Pilates Studio at Columbia Gym
- Completed pathway improvements at the north end of Lake Elkhorn
- Restored a water main break at the Teen Center
- Planted trees at the Owen Brown Community Center
- Completed landscaping and stream restoration in Harper's Choice
- Completed water damage restoration at the Rose Price House
- Installed landscaping additions at Kennedy Gardens
- Completed a solar photovoltaic project at Slayton House



## FOURTH QUARTER FY 2021 FINANCIAL REPORT DEPARTMENT OF COMMUNICATIONS & MARKETING

**Village and Board Elections:** The Communications team managed all aspects of central coverage of and preparation for CA's Village and Board elections, ensuring higher than average turnout through promotional efforts and partnership with village associations. We facilitated an information session for potential Board candidates, and managed dynamic content covering each village's election protocols as well as results as they became available.

**FY 2022 Budget Rollout:** The Communications team provided comprehensive and accessible information to members of the public through the consideration and passage of the FY 2022 CA Budget, with most summary content made available through blog and social media channels within hours of the final vote.

**Outdoor Pools Preparations:** While the Aquatics team managed the complex work of preparing staff and facilities for the opening of 15 of 23 outdoor pools in the summer, the Communications and Marketing (C&M) teams maintained all relevant information online and through available collateral despite an often dynamic and complex set of planned protocols to ensure COVID-19 safety. With a rapidly improving environment and vaccination rollout, this information was modified regularly to provide members and guests with the best possible experience.

**Membership Lead Generation:** The Marketing team continued to innovate and optimize digital marketing efforts to generate membership leads, primarily for fitness memberships, and sustained improvements and advertising efficiencies were achieved in the cost per lead, the average of which was reduced from more than \$100 to approximately \$30 over this quarter alone, resulting in more than a three-fold increase in the volume of membership inquiries for the same investment in marketing resources. This result is a contributor (though not the only one) to this quarter's success in membership sales.

**Audience Engagement:** While still an order of magnitude smaller than core CA social media communities, the C&M team grew our niche audience communities covering Fitness, Families, Golf, Tennis and Aquatics more than 50% over this quarter using purely organic strategies. This infrastructure is an investment in more engaged communities for the long-term.

**Non-Dues Revenue:** Structural changes to the Marketing team were implemented this quarter to enable a strong and sustained focus on marketing and promotion of non-membership revenue streams and program sales.

**Website:** The C&M team completed website and content changes associated with the closure of Haven on the Lake at the end of April. On the Columbia Association website, we experienced a roughly 30% increase in traffic compared to the same quarter one year ago, not including the March and April 2020 shutdown period (only February 1 through mid-March was measured to allow for valid comparison). There was a roughly 12% increase in website traffic this quarter compared to the previous quarter.



## **FOURTH QUARTER FY 2021 FINANCIAL REPORT PLANNING AND COMMUNITY AFFAIRS**

The Office of Planning and Community Affairs (OPCA) oversees and coordinates Columbia's planning and community affairs functions. Planning efforts include land use, revitalization and transportation planning projects that impact Columbia. The office is also responsible for CA's interaction with Howard County government on planning, transportation and economic development projects and for CA's overall interaction with local government, civic and community-based organizations, including Columbia's village associations.

FY21 included the hiring of and coordinating with a team of consultants to facilitate Board discussions related to New Town Planning and Visioning as a complementary undertaking to the county's own General Plan Update. The final result of this effort was a document outlining the priorities of CA going forward that can guide our county engagement on land use matters.

The third and fourth quarters of FY21 presented CA villages with gradual opportunities to reopen their facilities. The villages' reopening efforts were supported by CA Open Space and Facilities Services teamwork.



## **FOURTH QUARTER FY 2021 FINANCIAL REPORT DEPARTMENT OF ADMINISTRATIVE SERVICES**

Administrative Services finished fiscal year (FY) 2021 \$3.2 million, or 8.1% above budget, and \$552,000, or 1.3%, higher than FY20. The variances are primarily due to the increase in annual charge revenue, as a result of assessed valuation increases, phase-in values from transfers and additional billing for improvements.

Fourth quarter highlights from the department include:

### **Accounting and Finance**

The Accounting team worked tirelessly in leading the organization through the development of the draft FY 2022 budget and the production of the document, which was provided to the Board and community on January 8, 2021, per the Board-approved schedule, and ultimately approved by the Board with some modifications in February 2021.

The team conducted the annual 401(k) plan refresher training for the village managers and village board chairs. This training is intended to help the village managers and their board chairs understand better and fulfill their fiduciary duties through growing their knowledge of regulatory developments, plan changes and compliance issues identified by the external auditors.

The Finance team submitted the annual commercial insurance renewal package to the brokers for the FY 2022 renewal process. Given the pandemic and the global volume of cyber incidents, the information requests were greater in volume and complexity than previous years. Total premiums increased by approximately 13%, about \$112,000 higher than the expiring coverage.

The team worked with the CA Board to have CA's first Emergency Cash Reserves Policy and Program approved by the Board. Extensive research on best practices for emergency cash reserves along with Board collaboration resulted in a policy and program that should be very beneficial to CA's long-term financial stability.

### **Human Resources and Learning and Organizational Development (HR)**

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

- Partnered with the Department of Communications and Marketing to provide information to CA team members about Black Columbia residents who contributed to Black history.
- Provided ongoing support for the CA Board in the search process for the new President/CEO, which was completed within the project schedule.
- Convened initial meetings of CA's first diversity, equity and inclusion ("DE&I") committee, as committee members begin to identify and prioritize initiatives for this important effort.

- Supported and responded to a post-implementation review of Dayforce, CA's human resources information system launched in June 2019.
- Tracked continuously changing state and local COVID-19 restrictions as they evolved, to communicate and address the impact on CA team members.

### **Information Technology (IT)**

Information Technology ("IT") acquired, provisioned and installed new storage devices at our new data center in Howard County's center, to replace devices that had reached end of life. This significant project was accomplished with no downtime for CA users.

The Chief Information Officer (CIO) provided a cybersecurity briefing to the CA Board at its March 11, 2021 work session.

CA IT tested and deployed voice and data systems for the 15 outdoor pools opening Memorial Day weekend 2021, with a three-person team (down one full-time position pre-COVID).

We engaged outside interim IT leadership to support the team in the absence of the CIO who went on extended leave in late March. The team did not miss a beat in supporting the organization, keeping existing projects moving forward and actually making progress on some additional initiatives related to a project delivery process and an updated incident response protocol.

### **Purchasing**

The Purchasing team updated contracts and purchase orders for the new fiscal year, FY 2022, to ensure that all essential materials, supplies and services have approved contracts in place to facilitate effective operations with no delay at the beginning of the new fiscal year.

The team supported the President/CEO search from a contractual perspective.

The Director of Purchasing participated in a meeting of the Maryland Horse Industry Board to discuss the Columbia Horse Center and the new operators.