

2004 Application Form

Indiana Achievement Awards *Celebrating Effective Nonprofits*

ELIGIBILITY CHECKLIST

The organization submitting this application:

- is responsible for the program.
- is a registered 501(c)(3) nonprofit incorporated in Indiana.
- is entering only one application for one program.
- is competing in large-budget organization.
- is competing in sustainability.
- is competing in large budget size.
- is submitting its entire organization.

APPLICATION MUST BE RECEIVED BY MAIL, OVERNIGHT DELIVERY OR HAND DELIVERED ON FEBRUARY 2, 2004

Indiana Achievement Awards
 c/o Sycamore Foundation
 9100 Keystone Crossing, Suite 750
 Indianapolis, IN 46240
 317.208.4845
 317.208.4828

SIGNATURE OF CHAIRMAN OF BOARD OR CHIEF EXECUTIVE OFFICER OF THE APPLICANT ORGANIZATION

| | |
|--------------------|-------------------------|
| Name | Date |
| Carolyn Dederer | Executive Director |
| Print or Type Name | Title |
| 317-636-9197 x229 | carolynd@daynursery.org |
| Telephone | Email |

CONTACT PERSON FOR NOTIFICATION OR INFORMATION REQUEST/ADDRESS OF ORGANIZATION

| | | |
|---|---------------------------|--------------------|
| Denise Hancock | Executive Assistant | |
| Name | Title | |
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STATEMENT: It is understood this entry will be reviewed by the judging committee for an Indiana Achievement Award. The applying organization may be asked to supply additional information in support of the application.

GENERAL AND FUNDING INFORMATION CHARTS

This information is used to conceptualize our organization by IAA judges. Program data required for program nominations. Insert N/A if not applicable.

| General Information | Organization | Program | Funding Sources | Organization | Program |
|------------------------------|----------------------|------------|------------------|--------------|--------------|
| Staff Size: | <u>206</u> | <u>N/A</u> | Individual Gifts | <u>1.5%</u> | <u>N/A %</u> |
| Full Time: | <u>190</u> | <u>N/A</u> | Foundation | <u>11.5%</u> | <u>N/A %</u> |
| Part Time | <u>16</u> | <u>N/A</u> | Government | <u>37.2%</u> | <u>N/A %</u> |
| # of Volunteers | <u>330</u> | <u>N/A</u> | Fees for Service | <u>40.9%</u> | <u>N/A %</u> |
| Annual 2003 Budget | <u>\$6.8 million</u> | <u>N/A</u> | In-Kind | <u>N/A</u> | <u>N/A %</u> |
| Size of Board | <u>20</u> | <u>N/A</u> | United Way | <u>7.7%</u> | <u>N/A %</u> |
| Date Fiscal Year Begins/Ends | <u>1/1 – 12/31</u> | <u>N/A</u> | Other | <u>1.2%</u> | <u>N/A %</u> |

Faith Based Organization Yes No

**2004 Indiana Achievement Awards
Application Form Narrative**
(Part One-five page max)

1. What is the mission of the organization?

Day Nursery is a non-profit organization of professional staff and volunteers that provides excellent early care and education for young children in the Indianapolis area.

We promise: nationally-accredited programs; a curriculum that introduces the joy of learning; flexible fee arrangements; continuous staff training and development; community education and resources; and leadership in public policy development.

2. Present an overview of your organization: summarize history, long-term goals and current priorities (1/2 page).

Founded in 1899, Day Nursery is the oldest child care organization in Indiana. Day Nursery led the vanguard in charitable response to the plight of immigrant parents who worked long hours and often had to leave their children poorly cared for. By the 1940s, federal child care standards were emerging, but Day Nursery insisted on high standards that far exceeded regulation requirements. That insistence has not changed in more than 100 years, nor has the dearth of quality child care and early education for the working poor.

Day Nursery's long term goal is to increase the number of excellent and developmentally appropriate child care options for parents—whether center-based, through home care, or some other arrangement—and to raise general awareness about what constitutes appropriate child care and its effect on early childhood development. Developmentally appropriate pre-school curricula—presented within the context of full day child care—has an impact on family stability because working parents who are satisfied with appropriate and dependable child care are better able to keep their employment—and thus support their families.

Day Nursery's current priorities include:

Fiscal Viability—Including continual attention to accountability, efficiency, enrollment, and collection of fees. A variety of funding sources and a mixed client base are essential for financial survival.

Strategic Alliances—Day Nursery will seek partnerships that enhance its ability to operate according to its mission of serving all children, despite ability to pay, recognizing the factors that enhance our ability to be successful (financial investment and support, a critical mass of customers who will use the services we offer, and a population of customers who represent a cross-section of the community).

Development—There is an acknowledged need for increasing the amount of philanthropic dollars to Day Nursery. Activities that promote financial support for both operations and endowment will and must be pursued.

Staff Performance—Excellence in staff development leads to excellence in programming. Continued and increased accountability in staff performance must be present to insure all programs meet standards and goals as set by accreditation and best practices in our field.

3. General fiscal information (see Cover Page).

4. Category Selection: Sustainability Why did you choose this specific category (1 page)?

Day Nursery has a century of sustainability behind it, but the agency had reached a crossroads in time. The marketplace for child care services has changed dramatically since the turn of the century when only indigent children were cared for outside the home. Today, 70% of mothers with children under 5 years are in the workplace and need child care. The traditional social work model, which guided the agency in the past, was no longer appropriate because it did not meet the needs of the majority of families seeking child care.

The Board of Directors took on the task of planning for a second century of service that would honor the past traditions, be mission consistent, and relevant to the present. Strategic planning began in 1998 with a long look at the mission statement. It was acknowledged that the core value of the past 100 years was service at the highest level possible to children, the implication being that all children deserve the best, no matter their ability to pay. Given that fact, the focus of the mission was dramatically broadened to make it possible to meet the needs of the marketplace, and yet remain true to the value of serving families from every walk of life. Without this broadened focus, Day Nursery was doomed to fade into obscurity, a classic “buggy whip” organization in an era of fast cars.

In the process of strategic planning, the agency identified its priorities (as noted in #2) and set in place an action plan to give more attention to its problem areas. We realized that in order to continue our 100 years of service to the community into the next century, we had to increase accountability and efficiency internally, and increase our variety of funding sources externally. The concept of a “diversified portfolio of families from all income levels” was becoming more important to our survival as both government and philanthropic revenue streams (the means of support for our lowest income families) were only becoming less reliable. Sustainability for Day Nursery hung on the basic elements of revenues over expenses. We were operating at a loss, and we could not continue to do so.

5. General Description:

a. What is the purpose of the organization being nominated?

Day Nursery provides excellent early care and education for young children in 10 locations in the Indianapolis area. Child Care Answers, a program of Day Nursery, provides a free telephone resource and referral service, which helps parents locate child care, provides tips for selecting child care, and helps parents locate subsidies.

b. Identify both the problem the agency is working to alleviate and the intended audience for the program.

Day Nursery strives to provide high quality early care and education programs while at the same time making excellent child care available to all families regardless of their ability to pay the full cost.

6. Strategic Plan: Tell how the program or system you have nominated advanced the strategic plan of your organization.

The strategic plan called for the following:

1. A broadened focus in the mission statement.
2. Fiscal viability including emphasis on accountability, efficiency, maximizing enrollments and collections.
3. Strategic alliances that bring to the child care center a critical mass of people who will sustain enrollment, as well as a sponsor who will support the program through in-kind services such as a facility. This also implies a decreasing emphasis on real estate holdings.
4. An increased emphasis on development to strengthen financial support.
5. An increased emphasis on staff performance as a means to excellent programming.

Day Nursery put into action a plan to address the strategic plan as follows:

1. Mission statement: With a renewed emphasis on excellence for all children, the agency was freed up to look at all opportunities in a new way. Most workplaces have a diversity of employees from the

custodial help to the top executives. Our centers in workplaces are microcosms of the entire community and benefit from the diversity therein. They don't have to be in the core of the inner city to be mission consistent.

2. Fiscal Viability: The work that was needed to increase accountability and efficiency depended on close teamwork among the 210 people in the multiple sites of the organization. We increased the supervision of our site directors and their office managers through regular meetings and report requirements. Training and mentoring, rewarding and relationship building through communication played a big part in getting the message across. We set standards that were easy to compare and even inspired competition and cooperation between the sites. In the past they saw themselves as independent entities, not one part of the larger organization of Day Nursery. This has translated into borrowing of staff where they are needed, sharing waiting lists of children to increase enrollments, and, of course, sharing of skills and mentoring each other through problems and challenges that arise. We have had to terminate several people who were unable to meet the new accountability standards.

The major elements of expense in child care are staff costs and food. We discovered through analysis that we weren't holding site directors accountable for efficient, yet legal and safe, staffing. Dollars were wasted because we had too many people and we were wasting money on food. We shopped for better prices and negotiated with vendors to cut food costs, and trained, trained, and trained staff to be accountable to the reimbursable government free lunch program.

3. Strategic Alliances: We defined a list of criteria for future strategic alliances that would serve as a guide to keep us consistent and faithful to what we knew was important for our survival. The list is:
 - The partnership must allow us to serve a broad representation of the community.
 - The partnership must bring an in-kind (rent free) facility to support the program. We do not want to own any more buildings.
 - In return for employee discounts on child care, the partnership must negotiate with Day Nursery to support at least some of the following: daily maintenance, lawn care, utilities, parking, capital improvements, etc.
 - In these partnerships, the responsibility for the employees, the insurance liability, and the accredited program fall on Day Nursery. These are our bargaining tools that attract employers to contract with the agency.

Additionally, we agreed to look at each site operation as a separate cost unit and established the standard that each one must be able to sustain itself financially. Previously, profitable centers were carrying those that were operating with a deficit, and it was clear that this could not continue. As a result, we analyzed the operations of the Northside Center located at 54th Street and Keystone. This building held a mortgage that was negotiated at a rate of 10% with a private owner; it had termites, inadequate parking, a physical layout that was not conducive to successful programming, and low enrollment. We sold the building at a loss, but we extricated ourselves from a situation that was only going to get worse. We also closed our center at Wishard Hospital because it was a substandard facility and suffered from low enrollment. Two other centers that were losing money (State Government Center and Plainfield) had several problems, but the principal causes of their insolvency were inadequate tuition rates and poor site managers. We rectified both causes.

4. Development: We hired a Development Director, developed a data base of donors, and began systematically raising philanthropic dollars. We held a Centennial Campaign that brought in over \$2 million, a renovation campaign that raised \$750,000, and we established an Annual Campaign. We worked with United Way to achieve two capital grants for \$3 million and increase agency support by over 50%, and increased our foundation grant writing results by over 100%.
5. Staff performance: Increasing the amount of training and education for staff is a key factor in improving early education programs. We have partnered with the state T.E.A.C.H. program to

increase the number of our teachers who are CDA (Child Development Associate) credentialed or degreed. Today, over 90% of our full time teachers meet this level of education requirement or are in the process of one of these courses of study, a dramatic increase over five years ago. We have also enforced the policy of reaching this level of education within two years of employment by terminating those teachers who choose not to participate.

7. Partnerships and replication:

a. Identify partners instrumental in implementing & sustaining this nomination project.

Day Nursery has eight public centers—five near downtown Indianapolis, one at 56th Street and Guion Road, one in Lawrence, and one in Plainfield. Of these, six operate in collaboration with employers including federal (2) and state (1) government, Cinergy Corporation (1), Clarian Health Partners (1), and Diversified Systems (1). (The remaining two are neighborhood based: Lilly and Wiles.) These arrangements allow Day Nursery to focus on what it does best—care for children—and leverage the facilities’ expertise of its partners. These relationships also guarantee access to a population of parents in need of child care who earn at all wage levels. All centers are open to the public.

In 1998, when this process began, Day Nursery operated six centers, with three of them being workplace partnerships. Working through the strategic plan, we determined that we should sell one building (known as Northside on 54th Street) and close one workplace partnership (Wishard Hospital). We entered into four new workplace partnerships during this time: State Government Center, Ft. Harrison Finance Center, Diversified Systems at Guion Road and Clarian Health Partners.

This expanded configuration of services allowed us to expand into two geographic areas new to Day Nursery: Ft. Harrison in the northeast, and Guion Road in the northwest. It also meant we sold a property that was financially disastrous, and we closed a substandard facility that did not meet ADA requirements, a standard we must adhere to within the rules of United Way membership. We also built a brand new building in partnership with Clarian Health Partners. This new structure, as well as the renovation of three centers (Wiles, Lilly and Plainfield) was the product of a partnership with United Way’s Capital Fund. Renovated and new attractive facilities go a long way toward fulfilling the goal of achieving maximum enrollment.

Day Nursery is also in a new partnership with IPS at Schools #39 and #21 in southeast Indianapolis. Day Nursery provides a Kindergarten Plus program to 70 children who come to kindergarten with no preschool preparation. These at risk children are in one of the poorest areas of Indianapolis, and because kindergarten is not mandatory and only lasts a half day, parents often keep their children at babysitters rather than make the significant effort of a noon time pick up while trying to work. The result is poor attendance and performance, and failure by first grade. Kindergarten Plus supports the IPS kindergarten program and keeps the children at school the second half of the day with remedial and age appropriate learning activities. Pre- and post-testing scores have revealed an average improvement of 204%! As the partner, IPS provides the classrooms, the lunch, and the equipment; Day Nursery hires the teachers, manages the program, and teaches the curriculum.

Another partnership that has evolved over the past three years is one with Young Audiences. They approached Day Nursery with the concept of developing a “Young at Arts” preschool arts program and needed a large group of children to make it happen. This collaboration resulted in the development of curricula that is unique to Indianapolis and rare in the United States. They plan to replicate the model nationally. This partnership program answers to the strategic plan’s priority of increasing enrollment.

b. What is the future of the program?

Clearly, collaboration is the wave of the future in an age of shrinking government budgets and economic uncertainty. Fortunately, the time is also right to support this trend. Child care is beginning to be perceived as an economic development issue. With so many mothers in the work force, employers have become interested in the idea that family support programs strengthen worker productivity and company profits. In industries such as health care, there is heavy competition for employees, and child care serves the employer as a recruitment and retention tool.

Research also shows us that convenience and cost are the two top factors in a parent's selection of child care. Through workplace partnerships, we can satisfy both of these decision makers. The child is conveniently close to the parent and the employer's contribution of space entitles any employees' child to a discount. These factors contribute to our future success in maximizing enrollments and containing costs.

c. What should be in place for this nominated program to be successfully replicated by another?

Board members are educated on an ongoing basis about this plan and kept informed about its successes and failures. Financial and program reports tell the story and keep us disciplined to continually make adjustments and improvements. Board members become a part of the "sales team" who help to develop new partnerships and participate in planning to develop resulting contracts. The Public Relations Department is charged with advertising our services, and word of mouth from happy customers works very effectively as well.

8. Statement by the program's leadership: Address lessons learned worth sharing (1/2page).

Child care, while intrinsically about children and their emotional and cognitive development, is at its base a business. We have learned that like all non-profit organizations, "there is no mission without margin." For Day Nursery Association, this concept takes shape in several ways. The first element of our strategic plan that was key in our change in focus was the recognition that we don't need to own our centers. Real estate is not a core competency of this organization, and we are wiser to leave it to others. Beyond the real estate expense, moving to where large groups are congregated also accomplished an important element of our leaving behind a deficit budget. Increasing the opportunity of maximum enrollment just because of employer affinity and convenience is key to our bottom line.

Another lesson learned through this process is to keep a balance of about 40% full pay children and 60% voucher and sliding scale children in our care. The full pay children provide necessary cash flow since voucher reimbursements average 6-8 week delays. We have to raise sliding scale dollars through philanthropy so a budget must be maintained to make this program possible. Additionally, this balance of children provides a diverse healthy environment as well as a diversified portfolio for the agency's financial health. Government dollars are uncertain at best and centers that have depended solely on voucher income have closed (22 in Marion County alone in the last year).

A third lesson we learned is that of the importance of training center directors in the business aspects of their job. They are educators by training and we want them to be educators. But in this role, they must also be business people concerned about accountability and bottom lines. This is a cultural clash that has to be dealt with on a continual basis. Additionally, the need for ongoing increased accountability cannot be overstated. There is a modicum of profit margin in child care so every penny must be saved, earned, and maximized.

Part Two (four page max)

3. For Sustainability: High performing nonprofits that manage the long-term financial health of an organization.

a. What were the organizational conditions in place prior to the initiative that threatened sustainability?

The organization faced obscurity and financial ruin. Surveys indicated that Day Nursery was largely invisible to the general public, and expenses exceeded revenues for several years in a row. The Board was authorizing use of endowment funds just to try to make ends meet and government support was fluctuating wildly. At the lowest point, cumulative losses and resulting negative cash flow pushed borrowings on the line of credit to the maximum allowable limit. The agency’s ability to meet payroll was in doubt. Lack of voucher funding for low income children was contributing to low enrollments, and there were no other children coming to Day Nursery to take their place. People believed only low income children were eligible to use the service which was a holdover from the social worker days of qualifying children only if they were “needy” enough. There was no technology in the organization, which hampered accountability, and management had become careless in requiring it. There was no development program which hampered funding. There was inadequate staff to do the work to create a quality program.

b. What steps were taken to improve the situation? Tell how the mission statement was influenced by the changes made to sustain the organization.

The Board of Directors “took the bull by the horns” and initiated a strategic planning process to make an assessment and develop a plan. A thorough evaluation of the mission was undertaken to decide whether or not it was sufficient to guide the organization into the next century. It was concluded that the essence of the mission is excellent early care and education for all children in central Indiana, and that the statement should be left at that. Excess cumbersome language was eliminated, as well as verbiage that led people to feel Day Nursery was only for low income children. The idea that was embraced was that if Day Nursery provides excellent early care and education, then all families will be attracted to it. Promise statements were added as a tag line to further explain and clarify the services and make the organization accountable to the community in no uncertain terms. The entire revised mission statement that was adopted by the Board is as follows:

Day Nursery is a non-profit organization of professional staff and volunteers. Our mission is to assure excellent early care and education for young children in central Indiana. We promise:

- NAEYC accredited programs in our child care centers;
- Curriculum that inspires life-long learning;
- Flexible fee arrangements;
- Continuous training and development of staff;
- Community education and resources;
- Leadership through public policy and community and corporate support.

The next step was simply looking objectively at all facets of the organization and evaluating their effectiveness, viability, and relevance. This process was made less painful because there was a change in leadership. A classic SWOT analysis led the Board to set priorities which drove the plan. They were:

1. Fiscal Viability
2. Strategic Alliances
3. Development
4. Staff Performance

(definitions spelled out in Part One, #2)

Once these priorities were in place, the management team went to work to operationalize them.

1. Fiscal Viability: The center directors were trained, mentored and held accountable for their center budgets which break down into four main areas: 1) staffing 2) enrollment 3) food costs and 4) collection of fees. Standards were developed for staffing to meet licensing ratio requirements, while avoiding excess staffing.

In the enrollment arena, we were hiring an extra teacher when a class is one child over ratio requirement. We instituted a policy that half a ratio group must be enrolled to justify an extra teacher. The children are now kept on a waiting list until the required numbers are enrolled instead of adding a teacher for one extra child.

Another facet of enrollment is the acceptance of scholarship or sliding fee scale children. We have moved from a reactive stance of simply accepting these children based on need to having a budget to pay for scholarships. This helps us contain this cost and plan for it through development efforts. Again, a social work approach was modified to a business model that supports cost containment and planning. These efforts resulted in reducing staff costs.

Teacher salaries per child per week:

1999-2002: averaged \$59.08

2003: averaged \$55.56, a 6% reduction

Food costs for the agency represent our second highest line item (\$400,000) after staffing. We are a significant customer account to our food vendors so we comparison shopped, leveraged our buying power among the competitors and increased our savings. We also insisted on using one wholesale food vendor for all sites (thus increasing our bargaining clout) and provided him with a “pick” list of acceptable items for the cooks to choose from. We trained our cooks, brought them together to share ideas, and generally empowered them to take accountability for their kitchen costs. These efforts resulted in reduced food costs.

Food costs per child per week:

1999 –2002: averaged \$11.00

2003: averaged \$9.15, a 17% reduction

2. Strategic Alliances: The next area that had to be evaluated were the buildings themselves. We had decided that we wanted to minimize our real estate and move towards strategic partnerships with employers. The first target for this analysis was Northside Center. We held a 15-year mortgage on the building at a 10% rate, and it was tied up in a deal with the previous owner that did not allow us to refinance it. Additionally, the building was programmatically inadequate, it had termites, and the roof leaked. Enrollment had declined over the years (who would want their child there?) and it was losing money.

Northside Center’s cumulative 3 year loss (1999-2001) was \$259,000.

We sold the building in 2001 with an impairment loss of \$88,450 when the Board determined to cut our losses and get out before it got worse.

The second building that was losing money was Community in Plainfield. Year-end figures were as follows:

1999: (\$ 95,308)

2002: (\$32,277)

2000: (\$115,236)

2003: \$15,075

2001: (\$ 77,781)

The facts discovered in the analysis and the solutions were:

- Hendricks County fees were lower than Marion, operating costs were the same. We worked with other child care providers to raise our fees at the same time and thus raised county rates. (It took 3 years to catch up to Marion County rates.)
- Site management had to be changed. There was strife and turmoil among staff and parents.
- The relationship with our corporate partner, Cinergy, was negative. Bridges had to be rebuilt.

- The building was not being maintained properly. We changed cleaning vendor and upgraded the standards.
- We were able to get a renovation grant from United Way and put about \$35,000 into carpeting and painting. Cinergy was so pleased, they matched the grant 2 to 1. The center sparkled. Today this center is sustaining itself financially and serving an area where there is a dire child care shortage.

The third building that was in a negative position was the State Government Center. Year-end figures were as follows:

| | |
|-------------------|---------------|
| 1999: (\$112,121) | 2002: \$5,815 |
| 2000: (\$ 90,349) | 2003: \$6,088 |
| 2001: (\$ 59,408) | |

This was a start up and we expected to lose money in the first year to 18 months. The facts on this building and their solutions were:

- We had a series of site directors, some more successful than others. Turnover and lack of consistency are always a problem.
- Our contract with the state called for their permission to raise fees. We were naïve to believe they would be accepting of our customary practice of raising fees 5%/year. They refused to allow it, and it took two years of negotiations to get a fee increase. We don't sign contracts like that any more having learned a hard lesson here.
- The physical layout of this center is a problem. The rooms were not designed to maximize ratio groups and staffing, thus creating higher staffing costs. We have accomplished a few adjustments, but this remains a problem.
- Enrollment is increasing from an average of 90 to 120 children and the center is sustaining itself financially.

The issues with the Medical Center (Wishard Hospital) were not about losing money as much as maintaining a quality program. The physical plant was very old and difficult to maintain. Additionally, it had stairs and we had handicapped children there. The hospital was unwilling to invest money to make it ADA compliant, and Day Nursery has a commitment to United Way that states our buildings will be handicapped accessible.

The additions of Ft. Harrison Finance Center, Guion Road and Clarian were accomplished with the guidance of the strategic plan, and specifically the criteria set up for Strategic Alliances.

These three facilities are workplace partnerships, the facilities are owned by the partner, and we receive a variety of benefits such as utilities, yard maintenance, and daily cleaning, all of which help reduce our financial risk.

3. Development: We hired a Development Director and set about raising dollars to support our programs. The result of our efforts has been increased revenues for tuition assistance, teacher training, special programming, and classroom equipment. We find we are most successful when we target specific projects or programs, and the net result is that undesignated money can be freed up to support the less appealing costs of operation (salaries, utilities, etc.) All of this adds up to a more positive bottom line. The other major change we instituted was agreeing to a policy of not invading the corpus of our endowment, and moreover, stepping up our efforts to grow it. This is a long-term strategy, but it will serve the organization in the long run.
4. Staff Performance: Through the availability of a state program called T.E.A.C.H., we have been able to partner with government to support the continuing education of our teachers. This program has increased the number of teachers who go back to school to earn a CDA or a degree, and thus improves the number of our qualified teachers. We track the teachers' progress and make them accountable to the policy of requiring certification or degree, or they must leave Day Nursery. Additionally, we offer training sessions and staff development throughout the year.

c. How do you know that the organization is now sustainable and will be in the future? Since achieving sustainability, tell how this new fiscal priority has influenced your organization.

Day Nursery is sustainable because of the following:

- We faced up to our weaknesses, analyzed them, and put in place a plan to correct them. We accepted that we had to face the marketplace of today and serve the community successfully by meeting its demands. In addition to quarterly board meetings, the Finance Committee began meeting monthly with the Executive Director and Controller to monitor cash flow and financial performance.
- We also analyzed our strengths, what works, and made a commitment to stick to them. A system of checks and balances, a clear understanding of policy (board territory) and operations (staff territory) and accountability to each other are a combination for success.
- This agency’s long history of service to the community has developed in it a strong pride of leadership. That motivation serves us well as we go forward.
- They say what hurts you but doesn’t kill you only makes you stronger. The staff had to take a 10% pay cut to bring us back to a positive cash position and it took two years to restore it. It will take the organization many years before it lets that happen again.

This new fiscal priority makes us work smarter. We approach our families and staff as partners with whom we share an important responsibility. Partners are responsible to each other for delivering their part of the bargain. In the past, Day Nursery was benevolent in its attitude, and people took advantage of it. It was nonproductive on all sides. An equal approach is empowering and all partners are winners.

d. Give a synopsis of before and after data that verifies both periods. Include financial data (revenue sources, expense categories, assets or liabilities), data on volunteers and staffs (size and composition), and program stats (such as clients served) for both periods (include any tables in running text, not as attachments).

Teacher numbers have grown about 15% over this time period while enrollments have risen 20%, thus indicating increased efficiency in staffing. Average enrollment history in the centers dipped to a low of 607 in 2001 up to a high of 753 in 2003, (projected enrollment in 2004 is 1,000) supporting the fact that low enrollment equals financial peril.

The following chart shows a six-year history that traces our road from a negative financial position to a solid position in both revenues vs. expenses as well as net assets. The agency has improved net assets by 92% since 1998 while reducing liabilities 45%, and the line of credit was reduced to “0” in 2003. We have established a contingency fund that will continue to be funded in the 2004 budget and used to support future capital repairs and unforeseen expenses. The agency is much stronger today financially than it was in 1998, and it all came about because of the Board’s planning and willingness to make hard decisions, supported by the staff’s hard work in carrying out the new standards.

| *2003 numbers are unaudited | 2003* | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|--------------|-------------|--------------|--------------|-------------|-------------|
| Total Support/Revenue | \$7,182,187 | \$6,983,446 | \$6,371,835 | \$6,154,143 | \$6,418,755 | \$5,188,524 |
| Total Expenses/Losses | 7,018,351 | 6,991,377 | 6,616,109 | 6,489,674 | 6,008,784 | 5,285,723 |
| Change in Net Assets (Before Other Support) | 100,836 | (7,931) | (244,724) | (335,261) | 409,971 | (97,199) |
| Other Support-UW Capital | 112,100 | 934,284 | 43,563 | 22,402 | 105,772 | -0- |
| Net Change in Assets | \$ 201,033 | \$ 926,353 | \$ (200,711) | \$ (312,859) | \$ 515,743 | \$ (97,199) |
| Total Assets | \$2,838,715 | \$3,019,568 | \$1,912,274 | \$2,139,094 | \$2,309,034 | \$2,059,151 |
| Total Liabilities | 468,037 | 849,923 | 668,982 | 695,091 | 552,172 | 818,032 |
| Total Net Assets | \$2,370,678 | \$2,169,645 | \$1,243,292 | \$1,444,003 | \$1,756,862 | \$1,241,119 |