



BOYS & GIRLS CLUBS
OF THE PENINSULA

MID-YEAR UPDATE TO STAKEHOLDERS

February 2009

Dear Stakeholder,

We would like to take a moment to update you on how the current economic situation is affecting the Boys & Girls Clubs of the Peninsula and the actions we are taking to respond to those challenges.

Impact on our Neighborhoods

We are seeing first-hand the impact of the economy on our families. Parents have lost their jobs. Unrelated families are moving into shared housing. Utilities have been shut off. Pre-teens are seeking jobs as Teen Staff to help support their families. Alumni are taking fewer college classes so they can work more hours. Children are hungry.

Meeting the Needs of our Community

One thousand youth a day now attend our clubs, where they find the safety and sense of belonging that everyone needs. We are meeting their needs better than ever thanks to some new initiatives, including:

- College Bound: 70 high school students are participating in this new initiative launched to raise the high school graduation rate of kids in our neighborhoods that now hovers around 35%. The teens in the program want – and are getting – supplemental academic support that their schools and families alone cannot provide.
- Center for a New Generation at EPA Academy After-School Program: 100 students a day are benefiting from this new program – a partnership with the Stanford University School of Education – that should also provide us with important program design and evaluation insights we can use at all five of our school sites.
- Center for a New Generation at Taft Community School Program: 90 students a day are being served at this program that is allowing us to reach young people in a new neighborhood and also strengthening our partnership with the Redwood City School District.
- Increase in volunteers: The number of active volunteers in our programs has increased to 250 from 157 last year. More members than ever before are receiving the personal 1:1 tutoring and attention they need. How fortunate they are to have so many people willing to share their time!

Expense Reductions

We are actively finding ways to reduce spending and cut expenses. The following principles guide our expense reduction planning:

- Never compromise safety
- Keep the focus on quality in programming and staff
- Protect wages and benefits and maintain staff development commitment
- Cap new membership if necessary to maintain program quality (cap teens last)

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- Preserve development efforts
- Fill open full-time positions with part-time staff

Eighty percent of our expenses relate to staff. Reducing costs means cutting either hours or people or both. We have acted to cut FY09 spending from \$5.5 million to \$5.3 million. As you can see from the chart below, all of our cost centers are close or below budget. The program we were running at McNair is now being run by the school administration, and at Belle Haven school we decided the kindergarten program was no longer needed.

	FY 09		Variance	Actions taken
	Budget	Forecast		
EPA	840	816	(24)	-3%
RC	778	807	29	4%
MP	688	683	(5)	-1%
Flood	324	316	(7)	-2%
McNair	171	78	(93)	-54% Site closed in the fall
Belle Haven	249	212	(38)	-15% Kindergarten eliminated
CNG Summer	111	106	(5)	-5%
Hoover	171	167	(4)	-2%
EPA Academy	229	226	(3)	-1%
Taft	216	213	(4)	-2%
Centralized Program Support	677	638	(39)	-6% Maintenance reserve not funded
Administration	606	609	3	0%
Development	439	429	(10)	-2%
Total	5,500	5,300	(200)	-4%

Budgeting for FY10 is likely to be even more challenging than it is this year. We will have to consider making even greater program cuts, which could even include closing a site. We will set the budget for FY10 at our May and June Board meetings. In December we quantified all of our cost saving options and prioritized them. We will make additional reductions, if required, in July, the beginning of our new fiscal year.

Delaying Expansion

Despite the short- to medium-term slowdown, we remain committed to our vision of creating a “Community of Learners in Partnership with Schools and Families.” We still aspire to have Teen Centers adjacent to our clubhouses and to run after-school programs at most of the local schools. However, given the fundraising challenge facing us for the foreseeable future, we have delayed all expansion initiatives.

Income

We forecast being close to break-even this fiscal year (July 08 to June 09). As of the end of January, we had \$4.6 million in contributions, 87% of break-even, similar to where we were the past two years. However, we still need to raise \$700,000 before the end of June. While we accomplished that last year, the conditions were more favorable. We had also hoped to be further ahead given the 50th Golden Gala in October that netted over \$500,000.

	\$ millions		
	Forecast FY 09	Actual FY 08	Actual FY 07
Total	5.3	5.0	4.1
End of January	4.6	4.2	3.6
% of total	87%	83%	87%
Amount to raise by 6/30	0.7	0.8	0.5

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We expect most of the remaining contributions to come from the Board Campaign (give and get) and foundations.

<i>\$000s</i>				
Source	Break-even Contributions as			Left to
	Goal	of end of Jan		
Board campaign	850	640	75%	210
Special Initiatives/Major Gifts	550	402	73%	148
Community Gifts	475	424	89%	51
Corporations	230	204	89%	26
Golden Gala (net)	565	565	100%	-
Be a Kid for a Night	80	6	8%	74
Foundations and Corp Grants	1,515	1,340	88%	175
School Partnerships	668	668	100%	-
OJP, Community School, City	117	117	100%	-
Endowment and other	250	234	94%	16
Total	5,300	4,600	87%	700

In order to raise \$5.3 million this year we must reach new donors. We cannot rely on existing donors to give more. While BGCP has earned substantial publicity over the past years, and public awareness has increased, many potential donors remain unfamiliar with our programs and impact. After almost every tour, visitors respond that they didn't appreciate how academic, structured and impactful our programs are. We must continue to spread the word about BGCP and the work we do in our community.

Cash and Financial Resources

Though our cash balance since the beginning of the year has declined only 3%, our endowment has declined 28%. The amount we expect to draw from our endowment to fund operations has decreased from \$270,000 to \$190,000.

<i>\$000s</i>				
Reserves	Jun-09	Jan-09	Change	Jul-09
			Jun - Jan	Forecast
Operating reserve	575	556	-3%	-
Maintenance reserve	565	553	-2%	450
Sub-total cash	1,140	1,109	-3%	450
Endowment	5,231	3,778	-28%	
Total cash & securities	6,371	4,887	-23%	

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How You Can Help

1. **Advocate.** Talk with your friends about BGCP. Introduce them to us. Forward our emails. To meet our members' needs, we must expand our donor base.
2. **Visit one of our sites and bring a friend.** Nothing compares to meeting some of our members and hearing their stories in their own words. They will share with you the challenges they face and how BGCP is helping them. Most importantly, you will hear their resolve and positive attitudes, and you will leave inspired – guaranteed.
3. **Host a table at Be a Kid for a Night** on Saturday, May 2nd. It's a chance to come to our East Palo Alto Clubhouse for an evening, play some games, meet our members, and be entertained. Be 10 years old again!
4. **Volunteer.** The more staff and volunteers we have, the more positive results we can have. More than anything, kids need time with consistently caring adults. Our members need volunteers who are willing to help with homework, tutor, read a book, share a passion (e.g., reading, chess, karate), or just play.
5. **Provide exposure.** Many of our youth grow up without exposure to the world outside of their immediate neighborhood. They are not aware of many of the possible careers open to them. Many have never seen an office or cubicle. You can invite them to your workplace, provide an internship, visit and talk about your career and experiences.
6. **Donate.** And the end of the day, we need to pay the bills.

Thank You

We are committed to guiding and inspiring our members to develop the attitudes and life skills they need to thrive. We are adjusting our programs and postponing some of our ambitions, but we will always be here for the at-risk youth of our community.

Thank you for your shared commitment and partnership. Together, we are making our community a great place for all of our kids to grow up.

Regards,

Peter Fortenbaugh
Executive Director

Mike Gullard
Board President