

APPROVED



Voices for International Business and Education

Minutes

Finance Committee Meeting

Date and Time

Monday October 16, 2017 at 5:30 PM

Location

727 Carondelet St. New Orleans

Voices for International Business and Education http://public.boardontrack.com/VIBE_1

Committee Members Present

A. Kock, A. Tufail, M. Roney

Committee Members Absent

None

Guests Present

D. Deno, L. Lopez, S. Wilson

I. Opening Items**A. Record Attendance and Guests****B. Call the Meeting to Order**

M. Roney called a meeting of the Finance Committee of Voices for International Business and Education to order on Monday Oct 16, 2017 at 5:35 PM.

C.

Approve Minutes

A. Tufail made a motion to approve minutes from the Finance Committee Meeting on 09-18-17 Finance Committee Meeting on 09-18-17.

A. Kock seconded the motion.

The committee **VOTED** unanimously to approve the motion.

II. Finance

A. Key Performance Indicators

• Cash and Working Capital Ratios:

- The KPIs were presented. A graph describes the areas that we are operating in.
 - AT asked if it was fair to anticipate what the graph will look like based on anticipated cash flow and expenses
 - SW explained that this is the annual trend. We will see the graph is hard to predict due to some big amounts that are not anticipated.
- The rest of the graph is steady in regards to the projected expenditures.
- The cashflow predictor is also included in the packet.
- DD will include for next month the visual of the cash projection for about five months

• General Education and Financial Health Ratios:

- SW talked about the MFP for regular education students and special education. The MFP for each population is identified separately.
- AT asked what factors does that indicator impact/influence? SW stated that it is information that gives us a better idea of how much is it costing us to educate students. This is a base point, but it doesn't drive anything else in isolation other than the trend that provides the board a better idea of tracking how much are we spending on our students.
- AT stated that we have the data to analyze where is the best investment for better results. He suggested not to be done monthly but to pay attention to the annual trends. This is an administration task to identify the main categories of expenditure to track and analyze to make informed decisions in the future.
- Another number to look at is the facility cost. This involves utilities, facilities, building's insurance and the total divided by students.
- MR asked if this information would give us a better understanding of expenses when expanding. SW explained that these KPIs give us a better idea should we want to replicate the same model to achieve success in the new campus.
- The incoming grants and fundraising are reflected as well since we hired a person to do that job full time. In terms of fundraising, we want to analyze how many dollars does it take us to raise a dollar. THIS is not information that may be available on monthly basis, rather annually.

- MR asked if there is a correlation between the expenditures in salaries/benefits and retention.
- SW stated that it may not have a clear correlation between salaries and benefits could be considered separately and could hide some of the components that promote staff retention.
- The other information item reflects the general education and special education MFP to total revenue.
- Our enrollment is not going up, there are about four new high schools in the market.

The recommendation is that the presented KPIs are tracked and analyzed annually as they don't tell much if analyzed in isolation. Working capital, months of cash, and cash projection KPIs will be presented monthly.

The expectation is that academic and financial indicators can be merged or analyzed as causing factors one of the other.

Related to the Months of Cash KPI, MR asked what is behind the concept of "having too much cash"

SW stated that we are rightfully situated. Our cash-flow has been stated so we can survive should an emergency come about and still take care of our stakeholders for about two months.

LAPCS has established two months as a healthy status. The state requires us to have above 7% of annual expenditures. This is not even a month of reserve.

AT stated that there is no info out there that states that two months is too much. We are in a healthy status. If anything, we should look into increasing our reserve.

We have to be careful with the money raised and spend it in the year that we have received the money.

As an organization, we have to determine what is the healthy cash reserve for us. The purpose of this surplus is to cover us during disasters or unexpected emergencies. There are a number of reasons for having surplus other than just a number to report.

MR is asking that administration finds the information supported by policy to determine the amounts we should keep for a healthy financial status.

- Risks to be considered:
 - Natural disasters
 - funding

- other major damages to the building

B. Review September 2017 financial statements

- MR stated that presenting the percentages are better than the absolute value to read and understand
- DD suggested presenting the percentages in comparison with the previous year. Some of these variances are due to the timeline, not the expenses.
- MR suggested to keep it as it is.
- MR asked about the salaries for extra work Vs substitute teachers and purchased educational services.
- DD explained that purchased educational services do not refer to substitute teachers, rather Sped providers and other purchased services.
- MR would like to see a narrative in the substantial variances to better understand the differences

M. Roney made a motion to Approve the September financials.

A. Kock seconded the motion.

The committee **VOTED** unanimously to approve the motion.

C. Review Grant Pipeline Report

AT and MR agreed that the information on the report is impressive

D. Update regarding Strategic Plan and Goals

Strategic Plan and related goals were discussed at length at the last meeting. The remaining item is to submit edits to the Board. These are mostly dates.

E. Audit request for bid for 2017-2018 school year

- SW will draft a proposal with specific information from each of the potential auditing services including the information outlined in the agenda.
- MR is following up with LAPCS regarding the policies that we are to be aware of as a type 2 charter since she didn't hear back from the last email.

- MR is suggesting to include in the criteria to select auditors that are actually partners with the organization and add value to the findings to help us become better.
- The update for the board is that
 - We are to issue a request for the proposal to determine the auditors for the 2017-2018 school year.

F. Abstract cost for facility assessment

- There are two options that are presented by the facilities committee.
- One of the options is more affordable than the other. One suggests a more thorough evaluation.
- AT asked what is the value of a more thorough evaluation?
- SW stated that such information that resulting out of the extractor's findings would not add any value to the goal that we are trying to achieve in terms of negotiating with OPSB.
- SW suggested that the findings will have less value for us as tenants than the owners
- AT suggested that more important than the findings is our standing for negotiation

III. Other Business

A. Review meeting agenda for November 2017

- Proposal of RFP for Auditing services for the 2017-2018 SY
- Surplus policy draft
- Review of financial reports
- Use of BOT for KPIs
- Grant Pipeline

MR will work on identifying timelines and dates on the Strategic Plan to be updated.

IV. Closing Items

A. Public Comment

B. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 7:00 PM.

Respectfully Submitted,

L. Lopez

A. Kock made a motion to adjourn the meeting.

M. Roney seconded the motion.

The committee **VOTED** unanimously to approve the motion.