APPROVED

Equitas Academy Charter School

Minutes

Finance Committee Meeting

Date and Time
Thursday April 28, 2016 at 6:00 PM

Location
1700 W. Pico Blvd, Los Angeles CA 90015

PUBLIC COMMENT AT EQUITAS ACADEMY BOARD MEETINGS – An opportunity for the public to address the Board will be provided at the conclusion of the agenda. Members of the public who wish to speak on any item are requested to identify themselves and indicate on which agenda item they wish to speak. The Board will provide an opportunity for the public to speak for a maximum of three (3) minutes, unless granted additional time at the discretion of the Board. Testimony shall be limited in content to matters pertaining to Equitas Academy. The Board may not take any action on matters discussed during the public testimony period that are not listed on the agenda. Brown Act Compliance: Agenda posted at School

Committee Members Present
A. Sowrirajan, B. Snyder, S. Estilai

Committee Members Absent
None

I. Opening Items

A. Record Attendance and Guests

B.

Call the Meeting to Order

B. Snyder called a meeting of the Finance Committee of Equitas Academy Charter School to order on Thursday Apr 28, 2016 at 6:00 PM.

C. Approve Minutes

B. Snyder made a motion to approve minutes.
A. Sowrirajan seconded the motion.
The committee **VOTED** unanimously to approve the motion.

II. Finance

A. Monthly Financials

1. Timing of Financials

We talked about how the financials are coming pretty much the day of the board meeting and what we could do to fix that.

When we moved the board meetings to the 4th Thursday of the month, I think you were still just one school. You've definitely grown a lot since then and it's become increasingly harder for my team to close the prior month and allow time for me to complete the forecasts/financial packages by the 4th Monday of every month (so that they make it into the board packet).

We talked about moving the board meetings to the 1st Thursday of the month. So, if the board meeting was on 5/5, the board would see the March financials. We'd have a finance committee meeting the week before (4th Thursday) but there wouldn't be an expectation that the financial package would be provided in advance for the fin com.

We could also just leave the board meeting date alone - e.g. in May, the board would see March, but the finance committee would see April a week later. (This assumes the finance committee meets on the 1st Monday of each month.)

I didn't mention this at the meeting, but it's worth noting that even though it feels like the financials are late - they really aren't. ExED's contract commits to providing financials by the 10th day of the month following month end reconciliation. So, that means March would come on May 10. But, I don't want financials to be stale, so we strive to get them done within the month immediately following the month that just ended. We are delivering on that but not in time for the board to see them in their packet that goes out on Monday.

2. Timing of Budget Planning

We didn't go in depth on this as we wanted to know more what you're looking for. I shared that ExED basically doesn't start budget meetings in earnest until after the CCSA

conference just because there's just too much going on before that. But, that doesn't mean the school sites can't start developing "wish lists." I shared the revamped budget questionnaire (which you haven't seen) that I think might help better facilitate that planning next year.

B. Review Budgets for 2016-2017 school year

16/17 Budgets

We reviewed the current budgeted positions. (See attached)

We looked at the indirect cost rate - each schools share of Network expenses as a % of their total revenue. It's above 15% in 16/17, which we all noted was high. (The %s include all the positions in the attached along with private facility rent.) We looked at how grant revenue in the Network budget is going from $580K to $90K in 16/17 so that's driving up each school's share. (This year it's just over 10% @ EQ in 15/16, 9% @ EQ2, and 7% @ EQ3)

We focused a lot of time looking at the EQ2 cash situation. I shared how in the 15/16 board-approved budget there was $7K for non cap and $70K for cap expenses. The board-approved budget didn't include $182K in Weingart funds, so theoretically budgeted cap/non cap expenses were $259K plus (Brett/Aarthi, I cited Weingart as being $300K but it was $200K with a small portion spent in 14/15.) Actual cap/non-cap expenses this year have far exceeded $259K - they stand at $580K now ($560K once the e-rate check comes in). That huge spend is impacting the school's cash flow going forward. The line of credit won't solve the problem because we actually wouldn't be able to pay it back for a long time (longer than a year which would violate the terms). So either, we have to cut costs or raise $. We have more control over costs so right now that's where we think the focus needs to be. Aarthi also suggested we look at an FF&E lease instead of a purchase.

We looked at EQ3's cash situation as well but felt that was more manageable.

For EQ1, the issue is the out years when rent sky rockets along with STRS. 17/18 and 18/19 also show deficits but they are small and there are probably some out year expenses that we can cut so that EQ1 at least breaks even each year until we have to deal with the facility.)

I need to do a consolidated cash flow so we can see ending cash for the whole organization. There are going to be demands on EQ1's high cash balance and I need to make sure that that demand doesn't exceed available cash.

III. Closing Items

A.

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,
B. Snyder