APPROVED

Springfield Prep
CHARTER SCHOOL

Springfield Prep

Minutes

Finance Committee Meeting

Date and Time
Monday September 25, 2023 at 7:30 AM

Location
This meeting will take place remotely, via Zoom.

This meeting of the Springfield Prep Charter School Finance Committee will be held on Zoom on 9/25/23 at 7:30 am. Meeting notice was posted on the school's website (www.springfieldprep.org) on 9/20/2023.

Committee Members Present
A. Piela (remote), D. Morrin (remote), R. Molina-Brantley (remote)

Committee Members Absent
None

Committee Members who arrived after the meeting opened
R. Molina-Brantley

Guests Present
B. Spirer (remote), M. Velazquez (remote), M. Wagner (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

A. Piela called a meeting of the Finance Committee of Springfield Prep to order on Monday Sep 25, 2023 at 7:33 AM.

C. Approve July Finance Commitee Minutes

This was tabled until after the audit presentation.

D. Approve August Finance Committee Minutes

This was tabled until after the audit presentation.

II. Finance

A. FY23 Audit Report

Nichole Reilly and John Casassa joined from AAF and presented the audit.

- The audit went very smoothly. All of the reports were clean and there were no issues. The opinion is an “unmodified opinion” which is the one we want to receive.
- This year, there is a new GASB standard for subscription technology agreements longer than 3 years.
- In total, assets between entities did not change too much. The school moved $125,000 to the capital reserve account, paying down leases and amortizing assets. Liabilities are similar and the school is paying them down. Liabilities are going down due to the debt payments.
- From a net assets perspective, the school saw an increase of about $1 million. For the school, there was an approximately $200,000 net increase this year. This difference is due to amortization related to our building assets.
- Overall, our reserves are consistent with increasing a grade and restarting a full slate of programming following COVID disruptions.
- Nichole highlighted the concentration of credit risk section (point 12). Of the school’s capital, very little is uninsured. This was a significant change from last year.
- Amy asked about the notation of the adoption of the Subscription Based Information Technology Agreements as a significant matter. Nichole explained that this is required to bring attention to the change, specifically because this required restating the prior year’s financial statements to ensure we could have year-over-year comparisons available.
- Nichole presented the ratios. She did note that we are comparing to 2022 because not all schools have completed their audits. Because of the NMTC, the debt to equity ratio is high - it will be high until we unwind the NMTC structure. This is an outlier but is not worrisome as long as the school understands the structure.
- Amy asked about why tuition percentages were different. Nichole explained the difference in program fees and fundraising. Bill provided additional context about

how tuition funding works and how we are increasing our fundraising work so we expect this percentage to change over time.

- Tuition per student went up slightly this year. Nichole highlighted personnel costs to the number of employees. The increase in personnel costs puts us more in line with averages this year.
- We have almost 5 ½ months operating reserves built up which is a strong position to be in.
- Nichole reviewed the surplus calculations. Total surplus increased from $2.68M to $3.4M. The allowable carryover is ~$3.7M, leaving $367,544 excess “allowed”. If we went beyond this, we would owe the state the excess, but this is rare. Nichole recommended that we continue to monitor this. She also suggested that the school may want to transfer to capital reserves once we have a sense of our year-end numbers so we do not limit ourselves.
- The management letter which goes to the state is clean. The board report is just for management and the board. There were some adjustments that they made during the audit but nothing substantial. Nichole also noted that the school took care of prior year items addressed. Nichole noted the issue recording the direct loan in terms of our internal controls, and said this is not uncommon in organizations with multiple entities.
- Amy summarized the report: Aside from the growth of the school and the SVB issues, this feels pretty standard. Meghan agreed and noted that we are spending in the same ranges as last year and revenues and expenses are on par to last year. It also feels important to highlight that the majority of our funds are in insured funds. Going into this coming year, the school anticipates seeing a very similar year. The following year the school expects a very different year with the loss of ESSER funds.
- Marelin said she was pleased that everything went so smoothly given all of the activity with SVB.
- Amy asked about next steps. Bill reviewed the process of having Amy present highlights to the board and then getting a board vote on the audit report.
- Amy shared her appreciation for all of Meghan and Marelin’s hard work. What looks “standard” is not at all - it requires a lot of work and attention to detail.

R. Molina-Brantley arrived at 8:11 AM.

Amy gave a quick recap of the discussion with the auditors.

A. Piela made a motion to approve the minutes from Finance Committee Meeting on 07-24-23.

D. Morrin seconded the motion.

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

Roll Call

A. Piela	Aye
R. Molina-Brantley	Aye
D. Morrin	Abstain

A. Piela made a motion to approve the minutes from Finance Committee Meeting on 08-21-23.
D. Morrin seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call	
D. Morrin	Aye
R. Molina-Brantley	Abstain
A. Piela	Aye

B. Monthly Financials - August 2023

Meghan provided some highlights of the financials.

On the revenue side:

- She noted that we are projecting an additional $50-60k in interest that we hadn't anticipated. This is thanks to moving the funds into the sweep accounts, which are interest bearing.
- We are expecting an increase in change in net position of about $55k

Amy noted that it's early in the year so things seem pretty standard. She asked if we would get to a point where we get to months-to-date projections. She was clear that this would be an enhancement and is by no means a requirement.

As a follow up to this, she asked if we had the right amount of capacity and support to manage this level of financial complexity. Meghan shared that we are going to be working with Cindy at Central Source given the complexity of our finances; this is a change that ensures we have the right level of experience for our financials and was a lesson that came from the audit process. Amy asked about whether there are any obvious back-ups in the event that Central Source went away. Bill shared some context about Central Source and said there are some other organizations that do this work. He suggested adding this to a future finance committee meeting in the category of vendor management.

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 8:25 AM.

Respectfully Submitted,
A. Piela

Documents used during the meeting

- Spriengfield Preparatory Charter School Ratios 9.15.pdf
- Springfield Preparatory Charter School Management Letter 9.15.pdf
- Springfield Preparatory Charter School Board Report 9.15.pdf
- Springfield Preparatory Charter School Financial Statement 9.15.pdf
- FY24 August Finance Dashboard.pdf
- 1. SPCS FY24 August Details.pdf
- 2. SPCS FY24 August Summary.pdf
- 3. SP Friends FY24 August Summary.pdf
- 4. SP Realty FY24 August Summary.pdf
- 5. SP FY24 August SNP.pdf
- 6. SPCS FY24 August Cash Flow.pdf