

APPROVED



Springfield Prep
CHARTER SCHOOL

Springfield Prep

Minutes

Finance Committee Meeting

Date and Time

Monday March 25, 2024 at 7:30 AM

Location

This meeting will take place remotely, via Zoom.

Committee Members Present

A. Piela (remote), M. Frodema (remote), R. Molina-Brantley

Committee Members Absent

None

Guests Present

B. Spirer (remote), J. Callan (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 Mar 25, 2024 at 7:32 AM.

II. Finance Items

A. FY25 Budget Draft and Multi-Year Projections

Meghan presented the budget draft. We are sharing 5-year projections because SOA funding projections have an impact on our multi-year projections. This fall, we had

discussed possibly pulling from operating reserves to balance the budget but we no longer believe this is required. We do, however, plan to bring in some additional funding from Friends -- this is previously-raised, unrestricted, privately-raised funds.

Amy asked about the COLA adjustment and whether this is standard across most schools. Meghan shared that it is, and peer schools in a business managers group are projecting increases of 2-4%. Some are projecting a need for staff cuts.

Bill described how COLA increases typically work in a district school setting and said that a COLA increase is standard. Jean confirmed this based on what she has seen in her public and nonprofit accounting work. Amy suggested that in the board packet, we share details about the strategic reasons for a 2% COLA, such as retaining a talented workforce. Ron agreed that the quality of teachers is very high here, so being on the high end of compensation rates is a benefit.

Bill shared that he believes this budget reflects a sustainable approach based on the best information we have available. He agreed that we should share the average increase as a high point when presenting the budget and salary to staff.

Meghan shared that she believes we could and should share more information about the Student Opportunity Act — i.e., how it is funded and why it is enabling us to increase salaries.

Amy shared that this is also a good time to explain how and where we are being judicious with the budget. She appreciated the work that had already been done and asked if there were areas that could be negotiated, such as existing vendor contracts. Meghan noted that we do this on an annual basis for many contracts.

Meghan said that we believe there may be some savings in nutrition program, through subsidized snack funding.

She also shared that there is potential for increased interest revenue based on interest rates, and that we are currently exploring options.

Amy asked what management needed from the Finance Committee and the board. Bill shared that we expect updated information in April about state tuition revenue but plan to send offer letters in April. So, we are looking for alignment around strategy and budget, not a budget approval at this point. We expect to have a final budget for approval in April.

Bill shared that the school has removed contingency, staff contingency, consultant expenses to support new initiatives and that this is a much tighter budget than usual.

Meghan agreed and noted that we should go into this fiscal year expecting that we will not have a positive change in net position. There likely would not be a significant positive net income the way we often have seen in the past.

Amy shared that this makes sense and is good. Now that we are fully grown, we can plan more specifically with more confidence. She noted that she cannot attend the meeting tomorrow and Ron shared that he would support communicating the Finance Committee's discussion to the board.

Bill highlighted the change from FY29 to FY30, noting that there is a chance that increases in staff salaries could outpace increases in revenue. Obviously there are many variables that could impact revenue and expenses between now and then and we are in a strong financial position. Amy and Ron shared that they are comfortable with our planning and agree that while there could be changes on the horizon, the FY25 budget makes good sense with the information we have at this time.

Amy noted that the Finance Committee is aligned and management should let them know if there are any major changes to this proposed budget.

Ron joined the meeting at 7:45 am.

B. February Financials

Meghan shared the February Financials. She noted that we just received a report from our Nutrition Program audit, and that there may be some changes based on that, but she will need to understand the report more and will share an update next month.

There have been no significant changes and we are on budget. We expect to see a positive change in net position and if we don't use contingency, we will see an increase of this, up to an approximately \$300,000 change in net position.

Ron asked if there were items that we should be aware of. Meghan noted that there was a significant cash inflow in February that won't continue — this was a catch-up month from government grants and tuition.

Bill asked Meghan about transferring in some of our surplus this year to capital reserves. Meghan said this is an option but we also want to be careful about not unnecessarily restricting funds.

Meghan noted that in FY25 we are not planning a contribution to capital reserves but our multi-year projection includes capital reserve savings in FY26 and beyond.

Amy noted that we should also be planning about potential uses for capital reserves. Meghan shared that we have a plan for this and agreed that we should continue this and share this with the board.

On the Dashboard, Meghan noted that we may add information about enrollment and our capital account. The committee supported adding these. She also noted that in FY25 financials, we expect the percent of program paid by tuition to move to the low risk category once ESSER funding no longer impacts our revenues.

C. Approve previous Finance Committee Minutes

M. Frodema made a motion to approve the minutes from Finance Committee Meeting on 02-26-24.

R. Molina-Brantley seconded the motion.

Amy shared some issues she noticed in the minutes:

- The “no” votes on bullet D needs to be changed to "yes" votes.
- She requested that on the bullet on page 7, the minutes describe the "firm's" experience with NMTC, versus Amy's experience.
- She requested that in the 4th bullet the minutes reflect that the comment about change creating a different risk profile is about the merger of Powers & Sullivan, not about the school changing auditors.

Bill or Meghan will make these updates.

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

Roll Call

M. Velazquez	Aye
M. Frodema	Aye
A. Piela	Aye
R. Molina-Brantley	Aye

III. Closing Items

A. Next meeting

Due to the school break week, the Finance Committee will move the 4/22 meeting to 4/29.

B. 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

- SPCS FY25 Budget Proposed 3.22.24.pdf
- SPCS Multi Year Budget Projections FY25 - FY30.pdf
- FY25 Budget Memo for the Finance Committee & Board 3.22.24.pdf
- 2. SPCS FY24 February Summary.pdf
- 4. SP Realty FY24 February.pdf
- 3. SP Friends FY24 February.pdf
- 6. SPCS FY24 February Cash Flow.pdf
- 7. SPCS FY24 February Grants.pdf
- 1. .SPCS FY24 February Details.pdf
- 5. SP FY24 February SNP.pdf
- 0. FY24 February Dashboard.pdf