



Hill View Montessori

Finance Committee Meeting

Published on October 28, 2024 at 1:21 PM EDT
Amended on November 1, 2024 at 8:41 AM EDT

Date and Time

Monday November 18, 2024 at 5:00 PM EST

Location

Remote

Agenda

	Purpose	Presenter	Time
I. Opening Items			5:00 PM
A. Record Attendance		Veronica Guzman	1 m
B. Call the Meeting to Order		Veronica Guzman	
C. Approve Minutes	Approve Minutes	Veronica Guzman	1 m
	Approve minutes for Finance Committee Meeting on October 21, 2024		
II. Financial Discussions			5:02 PM
A. HVMCPS			
B. HVM Foundation			5 m

	Purpose	Presenter	Time
III. Updates			5:07 PM
A. New/Other Business			5 m
IV. Closing Items			5:12 PM
A. Next Meeting	Discuss	Veronica Guzman	1 m
B. Adjourn Meeting	Vote		

Coversheet

Approve Minutes

Section: I. Opening Items
Item: C. Approve Minutes
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for Finance Committee Meeting on October 21, 2024

APPROVED



Hill View Montessori

Minutes

Finance Committee Meeting

Date and Time

Monday October 21, 2024 at 5:00 PM

Location

Remote Microsoft Teams

Committee Members Present

J. Landry (remote), P. Arnold (remote), V. Guzman (remote)

Committee Members Absent

L. Plourde, T. Salvi

Guests Present

E. Stasiowski (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

V. Guzman called a meeting of the Finance Committee of Hill View Montessori to order on Monday Oct 21, 2024 at 5:08 PM.

C. Approve Minutes

V. Guzman made a motion to approve the minutes from September 23, 2024.

J. Landry seconded the motion.

N/A

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

II. Financial Discussions

A. HVMCPS

- Revenue under budget on YTD basis, mostly due to timing on entitlement grants, private grants, and fundraising.
- Personnel Salaries - Trending higher than budget primarily due to turnover, where new hires are slightly higher than the budget, but at prorated months (started mid-Aug); There is also one additional building substitute vs budget and non-reoccurring summer projects.
- Employee benefits are expected to continue under budget, plan came in below budget.
- Supplies & Materials IT - Over budget due to unexpected IT upgrades and non-recurring license expense.
- Other admin expenses variability to budget are largely due to timing of expenses.
- Instructional expenses - Increased professional development - Timing variance to budget due to summer PD and tuition reimbursement. Offset with favorable contracted services expenses for Jul-Aug billings.
- Facility costs - Building maintenance over budget due to timing of summer projects. Insurance expense unfavorable due to billing timing.

Jeff: Is there a threshold that would trigger re-budget?

- Elizabeth: Most charter schools typically re-budget mid-year, especially when actual tuition is highly different from budget.
- Phil: Historically HVM does not re-budget, but expenses get moved around as needed.
- Veronica: We typically do a rolling forecast starting in December.

Jeff: Asked for Clarification on the fluctuation of personnel expenses vs budget.

- Phil: There is always high variability vs what is budgeted due to contract renewals/new hires/attrition.
- Elizabeth: Will work with Phil to add a contingency amount to the budget in the future to account for possible/foreseen fluctuations.

Building Asset/ Building Lease - As a result from the audit, the building asset will move to the Foundation. The school will establish a capital lease asset/liability as of 7/1/2024.

This does not impact the bottom line.

T-bills - \$1.21M is set to mature on 10/31/2024, the school will recognize the interest and reinvest.

Phil suggested a discussion on investing options for foundation cash in operating account as a good way to generate interest to pass on to the school.

Cash Flow

- Without ERTC funds, cash flow is very tight (roughly covers 5 weeks of expenses). It is very important we keep track of the school's cash burn and if needed, make adjustments to spending in order to maintain a sustainable cashflow. Based on Elizabeth's professional opinion, she believes FY24 tuition drop was a one-time occurrence in terms of above foundation rate spending adjustment (the Haverhill District confirmed the usage of all ESSER funds as of 6/30/2024), but there are other factors that could impact tuition rates (enrollment, politics, etc.).
- The entire board needs to revisit the ERTC funds and the designated usage. Veronica will request we discuss with the full board and possibly make an official vote to prevent future confusion.

B. HVM Foundation

- Not a lot of activity YTD.
- Employee luncheon event revenue and expenses were moved to "School Support" on the Income statement, per prior month feedback.
- Insource received feedback from Tara on balance sheet to remove the \$2,700 in AR and adjust the security deposit \$2,750. Also, there was a \$400 deposit made on the fundraiser back in June that does not appear to be in prepaid deposits on the balance sheet. Lastly, for October financials, there was a \$500 check for the deposit on a venue, both deposits should be reflected on the financials next month. Hilary was out of the office but will review and adjust per feedback.
- New Lease accounting to take effect on 7/1/2024, the building asset will move to foundation as a result of the audit.

III. Closing Items

A. Next Meeting

Finance Committee will meet on November 18, 2024 at 5pm via teams.

B. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:09 PM.

Respectfully Submitted,
V. Guzman

Documents used during the meeting

- Minutes BOT Finance Meeting September 23, 2024.pdf
- Hill View_Sept 2024_Financial Statements.xlsx
- FY25_HVMCPS_CashFlowForecast_9.30.24.xlsx

Coversheet

HVMCPS

Section: II. Financial Discussions
Item: A. HVMCPS
Purpose:
Submitted by:
Related Material: Hill View_Oct 2024_Financial Statements.v2.xlsx
HVM_Finance_Memo 10.31.24.v2.docx

Notice

The following file is attached to this PDF. You will need to open this packet in an application that supports attachments to pdf files, e.g. [Adobe Reader](#):

Hill View_Oct 2024_Financial Statements.v2.xlsx

To: Hill View Montessori Finance Committee
From: Elizabeth Stasiowski
Date: November 15, 2024
Re: October Financial Statements
Enc: Hill View Financial Statements_FY25 (Excel)

Notes regarding the October 2024 School Financials:

1. As of October 31, 2024, the School realized a net income of **(\$122,020)** as compared to a budgeted YTD net income of (\$40,367)
 - a. The School has recognized 102% of its YTD budgeted FY25 revenue
 - i. Significant variances include Nutrition Revenue and Interest Income exceeding budget
 - b. The School has expended 107% of its YTD budgeted FY25 expenses.
2. Revenue came in \$42.3K over budget; and
 - a. Expenses came in \$123K over budget, excluding depreciation
 - i. Major expense variances are concentrated in:
 1. Prof Dev – Summer PD - \$21K
 2. Maintenance of Buildings & Permits - \$10k
 3. Salaries & Wages - \$68K
3. The School has **\$717K** in cash and receivables as of Oct 31st including the Money Market account
 - a. As of Oct 31, excluding the non-released ERTC funds, the school has 55 days cash on hand to cover FY25 expenses. This results in a yellow status on the DESE dashboard. 60 days is the minimum for a “green” rating.
4. Dashboard Metrics
 - a. FY24 Income Statement metrics are based on Actual FY24 revenue/expenses; FY24 Balance Sheet metrics are based on current financial statements.
 - b. Current Ratio calculation is low due to the ERC Deferred Revenue funds increasing liabilities; would equal 26.8 following recognition of ERC funds as revenue.
 - c. Budgeted DCR adjusted for actual interest income is 1.22.

Notes regarding the October 2024 Foundation Financials:

5. As of Oct 30, 2024, the Foundation realized a net income of **(\$2,652)**
 - a. The Foundation picked up \$2,750 in Miscellaneous Expense due to an entry dating back to FY23 wherein the Birch Hill rent was erroneously applied to Contributions instead of to open AR and the increase of the Security Deposit account.
6. The Foundation currently has **Assets totaling \$2.30M** including
 - a. \$98K in cash + investments
 - b. \$2.20M in capital lease receivable
7. The Foundation currently has **Liabilities totaling \$2.2M** (Mortgage payable + pass through to School)

Coversheet

New/Other Business

Section: III. Updates
Item: A. New/Other Business
Purpose:
Submitted by:
Related Material: HVM_Cash_Memo 10.31.24.docx
FY25_HVMCPS_CashFlowForecast_10.31.24.v2.xlsx

To: Hill View Montessori Finance Committee
From: Elizabeth Stasiowski
Date: November 18, 2024
Re: 2024 Cash Flow
Enc: Hill View Cash Flow_FY25 (Excel)

Notes regarding the 2024 School Cash Flow:

The following analysis is a follow-up to the previous month's conversation about the purpose of the ERC funds that were recognized/released in April 2024.

In December of 2023, DESE unexpectedly reduced the tuition revenue received by \$983/pupil, resulting in a \$301K reduction in both revenue and cash for the school. Additionally, the school had planned Salary/Tax overages of \$188K. Additional revenue gains were offset by an increase in expenses. Ultimately the school was able to end the year ahead of budget by \$1,600, but only due to the windfall of the ERC funding. The ERC funds not only allowed the school to end the year on budget, recognizing them as revenue also resulted in the entity meeting the DSR required of Pentucket Bank.

It is my opinion that as the \$327K in revenue was utilized by the school, so should the cash be considered to have supported operations in FY24. Reserving the ERC cash for the roof project, while simultaneously using the funds as revenue in a prior FY year, creates a "double-dipping" effect that significantly negatively impacts cashflow and ultimately school operations.

Currently, the school has ~45 days of cash on hand, operationally although the DESE Dashboard measure, the amount calculates to 55 days. Best practice ratios recommend *at least three months* of cash on hand, although this target can be two months for Charter Schools due to the relatively steady revenue streams. The 45 days includes both the Operating and the Money Market account.

- Projected monthly cash balance **reduction** is **~\$12K/month**
- Monthly essential cash expenses total ~\$360K and cover only payroll, taxes, benefits, MTRS payments, and rent to the Foundation.
- Setting aside the \$327K of ERC cash that was recognized in April, would reduce the Operational cash balance of the school to 24 days as of October 31, and is projected to reach 17 days by the

end of the fiscal year, leaving the school in a precarious payroll and operational position and will result in a Red status on the DESE dashboard, which is anything under 30 days.

EXHIBIT A: Balances w/o restriction on ERC funds.

	Actuals	Actuals	Actuals		Forecast	Forecast	Forecast
	FY24	FY25	FY25	FY25	FY25	FY25	FY25
	Jun-24	Sep-24	Oct-24	Nov-24	Dec-24	Mar-25	Jun-25
Operating Cash Balance	693,704	548,828	514,190	486,882	474,575	437,651	400,727
Money Market Balance	174,381	181,760	188,848	188,848	188,848	188,848	188,848
Total inflows	836,113	421,847	452,955	448,519	448,519	448,519	448,519
Total outflows	(400,506)	(527,268)	(487,592)	(475,827)	(460,827)	(460,827)	(460,827)
Change in Cash above	435,607	(105,421)	(34,637)	(27,308)	(12,308)	(12,308)	(12,308)
Days Cash on Hand (Operational)		46.9	45.1	43.4	42.6	40.2	37.8
DESE Target		60	60	60	60	60	60
Over/Under		(13.11)	(14.88)	(16.64)	(17.42)	(19.79)	(22.16)

EXHIBIT B: Balances with restriction on ERC funds.

	Actuals	Actuals	Actuals		Forecast	Forecast	Forecast
	FY24	FY25	FY25	FY25	FY25	FY25	FY25
	Jun-24	Sep-24	Oct-24	Nov-24	Dec-24	Mar-25	Jun-25
Operating Cash Balance	693,704	548,828	514,190	486,882	474,575	437,651	400,727
Money Market Balance	174,381	181,760	188,848	188,848	188,848	188,848	188,848
Less ERC Funds			376,038	348,730	336,423	299,499	262,575
Days Cash Less ERC Funds			24.13	22.38	21.59	19.22	16.85
DESE Target			60	60	60	60	60
Over/Under			(35.87)	(37.62)	(38.41)	(40.78)	(43.15)
Total inflows	836,113	421,847	452,955	448,519	448,519	448,519	448,519
Total outflows	(400,506)	(527,268)	(487,592)	(475,827)	(460,827)	(460,827)	(460,827)
Change in Cash above	435,607	(105,421)	(34,637)	(27,308)	(12,308)	(12,308)	(12,308)
Days Cash on Hand (Operational)		46.9	45.1	43.4	42.6	40.2	37.8
DESE Target		60	60	60	60	60	60
Over/Under		(13.11)	(14.88)	(16.64)	(17.42)	(19.79)	(22.16)

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