



**PULLMAN PUBLIC
COMMUNITY FREE
MONTESSORI K-9**

Pullman Community Montessori

Finance Committee (FC)

Date and Time

Tuesday January 19, 2021 at 5:00 PM PST

Location

Join Zoom Meeting

<https://us02web.zoom.us/j/5093365909>

Meeting ID: 509 336 5909

One tap mobile

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Meeting ID: 509 336 5909

PCM's Mission: to prepare all students to reach their full potential for future success in high school, college, career, and life, using the rich resources of our community.

PCM's Vision: to serve as an instrument of change, helping to progress our education system to better meet the needs of students, families, and educators. We nurture students to be self-empowered lifelong learners, global citizens, environmental stewards, and compassionate and collaborative leaders, bringing positive changes to their communities and the world!

Agenda

I. Opening Items

A. Record Attendance

Welcome to the Finance Committee (FC)! Please review the purpose of this committee using the link in the footer.

Working with Joule I am proposing the following questions as standing "Grounding Questions" for the FC that are always listed here:

- Do we believe that our internal policies and procedures are being followed?
- What is our current cash balance, and is management confident in the organization's ability to meet short term cash needs?
- How are our actuals to budget performing for this fiscal year? If there have been material unfavorable variances, in expenses or revenues, what is being done to mitigate this?
- How are our "big projects" going? (ex: facilities, enrollment drives, hiring, etc).

B. Call the Meeting to Order

Welcome Aubree Guyton! Aubree will be serving as our committees chair. We'll go around and do introductions.

Committee Member HW: *Prior to the board meeting please review the following. Documents that have been provided to our board about their financial roles and responsibilities and how those responsibilities will change with the formation of the Finance Committee: [Board Financials Overview and Considerations](#). This will reground you to where we are in the progression of our founding process.*

C. Approve Minutes

Please review the prior meeting minutes before our committee meeting.

We ask that all members review in advance and come to the meeting with any amendments in writing that can be added to the Zoom chat. This makes recording changes quick and easy.

Approve minutes for Finance Committee (FC) on November 17, 2020

II. Finance Committee (FC)

A. Getting Orientated

GETTING OUR BEARINGS

At our first and only Finance Committee meeting to date, Joule Growth Partners (Bill Kiolbasa & Matt Paolini), our key contracted CFO support partner, attended and provided us an overview of general charters finance. The presentation and supplemental materials can be reviewed [here](#).

PCM has partnered with Joule Growth Partners (JGP) for CFO coaching and support and to provide planning year business and back office services (payroll, accounting, financial compliance reporting, etc). The contract is both to provide services and to grow the Head of Schools financial capacity and ensure, during the growth process, PCM has the financial capacity needed for a nonprofit and local education agency. JGP has expertise specifically in charter school and Washington compliance requirements and has been coaching and supporting other new charter schools through planning and operating. They have also begun to offer full services for charters, offering an option besides ESD 101 services. This relationship poises PCM for financial success.

Looking ahead at full services

Visualizing how Joule fits in with ESD 101 services: Joule will offer full service business back office - so finance, accounting, payroll. ESD/Skyward = student and staff data and CEDARS reporting. Included with Joule are things like support with grant applications, fiscal reporting to grantors and OSPI. A note from the HOS: Bill and Matt are really great to work with and very transparent in their work! MacBooks is the accounting firm that Joule subcontracts with.

WHERE WE ARE

As we all know, PCM is a new startup so we are building our board and committees from the ground up. This means we are constructing the systems, structures, and best practices rather than walking in with them already in place which can be exciting but frustrating at the same time. With that said, PCM has an immense amount of field tested expertise to guide us: Joule Growth Partners, the Washington Charter Schools Association (WA Charters), and other established charter schools such as Spokane International Academy. This allows us to embrace this opportunity head on to fast track our preparation for when our doors open in the fall of 2021.

[For transparency, this is an excerpt from our charter application that outlines our proposed plans for our fiduciary responsibility.](#)

To be explicit, we do not have all the answers now and we do not have all the systems and structures in place....this is our work for the planning year. Funding is relatively simple in the planning year and does not include public funding until September 2021. This is our time to

prepare and build strong practices, systems, and structures supported by some great and highly experienced partners.

During the planning year (now to August 18, 2021), these are some overarching items that each FC member should be thinking about:

- How are our draft fiscal policies and procedures coming along?
- How are we tracking to budget overall?
- How is our cash balance and will we be able to meet our short term cash needs?
- How is enrollment doing?

Once the school opens in fall 2021, an FC member's priorities change a bit. As we prepare for this shift we will receive coaching from Joule.

WHAT WE NEED TO BE DOING NOW

During a planning year, think of it as two-fold between short-term and long-term:

1. Short term (monthly):

- Budget: make sure the organization is staying within budget (expense and revenue wise) by reviewing Budget to Actuals monthly
- Cash: make sure the organization can meet their payroll and accounts payable needs by reviewing the balance sheet monthly

2. Long term (periodic):

- Long-term budget: make sure the organization has a sustainable multi-year forecast (by reviewing the 5-year budget workbook once a year)
- Short-term budget: make sure the next year's budget is reasonable, attainable, and approved in a timely manner (by approving the next year's budget by Jul-Aug yearly)
 - Includes reviewing staffing, enrollment, and other material levers (start review of budget in Apr-Jun)
- Policies: make sure the organization has a robust internal fiscal policies and procedures manual (by approving policies during the planning year and reviewing the manual yearly)
- Contracts: make sure the organization is entering into responsible and sustainable long-term contracts (leases for example)

Notes from Joule----How we like to see the Finance Committee engage:

1. Most important items are those we highlight on our dashboard. If you are doing appropriate (meaning reasonably accurate) budget planning, these are the items you need to monitor monthly.

2. When it comes to budget planning, we will strongly advocate to assume at least 3% student attrition of the course of any given year, and we like to see schools budgeting at least a 3% positive net margin on a long-term basis (you don't always need it, but very rarely does extra money show up, and quite frequently, extra expenses do).
3. Evaluate all significant staffing and facilities decisions with a 5-year outlook, not one.
4. Build up to 60 days cash ASAP (within years 1 or 2); if you can't get there by that point, it could be very hard to do so at all.

Based on these principles, then it's enrollment (make sure kids will be there), public revenue (making sure you're claiming it all), private revenue (raise the funds you say you will), and expenses (don't outspend what you budgeted). The state also requires a board sign off (once you're open) of monthly payroll and AP, so this covers a detailed review too.

B. Fiduciary Training for the PCM Board

Review the following to begin thinking more about the role of the FC and how we might educate the full board to feel confident in voting on Financial decisions. We should be looking ahead to start helping the board prepare for their fuller fiduciary responsibility in March.

[What Is A Board Committee Supposed To Do?](#)

[Finances Who Does What](#)

[How Do We Educate The Full Board About The Organization's Finances? Is This Really Necessary?](#)

[Sample Goals: Finance Committee](#)

Proposed key training documents for board training and alignment with financial oversight.

- **50 questions:** I'd like to store on our BoT dashboard so all board members and FC members can reference this document to build their thought process around finances. This can help facilitate trainings by identifying areas the Board does not feel comfortable around.
- **Financial Contract:** I think this would be a great cheat sheet for members as well as provide us a collaborative tool to keep on track. Also a great reminder of fiscal responsibilities.

What is the Boards role? While maintaining fiscal oversight of the school/nonprofit is super important, there's not too much a Board has to do in terms of actual fiscal actions. Their role is supposed to be very high level so that includes: review high level financials, approve budgets (general & capital), approve policies and procedures, approve monthly payroll and AP, approve debt, and then depending on what's in the companies own internal policies, that's mostly it from a fiscal point of view. Day to day oversight, accounting, and financial analysis is a staff responsibility. The FC should be diving into questions for the Board to confidentially recommend the board approve the aforementioned items.

Starting in September next year (really, IN October FOR September), the entire board will review and approve all payroll runs and the entire accounts payable listing each month. So monthly, you'll get high-level (financials) and transactional level (payroll and AP). The FC reviews and recommends for approval to the board after diving into any deeper questions.

Please come with considerations or a thumbs up to formalize the documents for Board education.

C. Review & Approve December Financials

(Joule will lead on the review of this and provide an introduction to the Dashboard that will be used throughout the school lifetime. While the Dashboard is not as useful during the Planning Year it will get the FC and board used to what will be presented during Operating Years. To get yourself ready you can review this [Example and Notes from September's Dashboard](#)).

Please review the school financial in the [DECEMBER folder](#). Come prepared to discuss and ask Joule questions. The FC will need to vote to approve the four documents normally presented to the full board (at this stage):

1. Dashboard (high level view of main metrics)
2. Balance Sheet
3. Profit & Loss Statement/Income Statement
4. Budget vs. Actual Report

Does the FC typically look at bank reconciliations? I've never seen a board or finance committee review bank reconciliations – typically I think you're going to see that get tested by the audit, and if there's a problem, it would be an audit finding. So that's your control/oversight there. For transparency these are accessible in the December Financials folder.

D. Financial Policies & Procedures Manual

As part of the FC, one of our responsibilities is to ensure that PCM

1. has proper internal controls in place and
2. that those internal controls are followed.

How can you do this without being on site or reviewing every transaction? By putting your Head of School (HOS) in charge of said policies and reviewing them yearly, and ultimately hiring an auditor to review management's implementation of internal controls!

As part of the application process, PCM has developed a [Finance Policies & Procedures Manual \(FPPM\)](#) which is quite long and detailed. This was adopted as our draft policy when the application was submitted for review.

I recognize that I have provided little time for review of this hefty manual. With that said it is a solid document that has been cross walked with other Washington charter school manuals and has been reviewed by Joule. We can continue to refine this document but we need to adopt a base now. To this end we have identified sections for which PCM management believes to be the higher risk sections of the document where we would appreciate your feedback. If you want to read the whole thing, we're sharing that as well.

The sections to focus on before we consider adopting as a base are highlighted in yellow (they also include a rationale as to why they need need our focus). My hope is that we can come to consensus on the details of these sections so we can recommend the board adopt this Financial Policies & Procedures Manual as their base. The text you run into that are green indicate to me areas I need to double check to ensure the appropriate reference is made to PCM's program or support entities.

III. Other Business

IV. Closing Items

A. Adjourn Meeting

Grounding Docs: [FC Description & Responsibilities](#) , [Norms-We are LEADERS too-Structure and Responsibilities Overview](#), [Bylaws](#) (read committees section), [PCM Logic Model](#), [Org Charts](#)

School Wide Evaluation Tools (model fidelity): [EEMPS Rubric](#), [School-Wide Reflective Practice Inventory](#)

Resources: [Planning Yr Financials Considerations](#), [Example Dashboard Review](#), [Contract](#), Commission Financial Performance Framework