



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

Pullman Community Montessori

Finance Committee (FC)

Date and Time

Tuesday February 16, 2021 at 5:00 PM PST

Location

Keeping safety as our top priority, until further notice, all committee meeting will be conducted virtually over Zoom.

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
- B. Call the Meeting to Order

'Grounding Questions' for the FC:

- 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).

REMINDERS

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.

C. Approve Minutes

Please review the prior meeting minutes 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 January 19, 2021

II. Finance Committee (FC)

A. Planning Year Budget Review

[HERE \(first tab\)](#) is PCM's planning year budget that has been approved by the Board. This is what the Financial reports are reflective of. Please review and contact Matt or Laylah with questions.

B. Review & Approve January Financials

(Reminder: 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 financials below. Come prepared to ask questions and vote.

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

C. Financial Policies & Procedures Manual

The FC voted to accept the [Financial Policies & Procedures Manual \(FPPM\)](#) with modifications noted in our last meeting. While the updates were made and the FPPM was on the Board meeting agenda, an error was made in presentation (it was not linked in correctly) so it could not be voted on in the last board meeting. This has given us one more opportunity to do a quick review. Please review the FPPM as it has been updated with the recommendations from last meeting. Please focus on the **Procurement Section** as this has had new modifications that were not discussed at

the last meeting (namely setting a spending limit for the HOS before a second signature is needed AND clearly delineating procurement methods that are more reflective of WA charter schools).

Just a reminder....

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!

D. Intro to 5 Yr Budget

[HERE](#) you will find the simplified 5 Year Budget workbook that PCM has been developing with JGP. Additionally, various versions of this budget have been reviewed and commented on by WA Charters, the Commission, and Granting Agencies.

Below is an orientation to the main drivers of funding and expenditures. Please feel free to reach out to Matt or Laylah with any questions!

- **Revenue drivers:** enrollment, enrollment, enrollment. The main revenue accounts are all driven by State and Federal funding, which is driven by enrollment.
- **Expense drivers:** staffing, staffing, facilities. 60-70% of PCM's expenses are tied up in staffing and rent. Then there's another approximately 35 line items making up the other 30-40%.
- **Sustainability:** it's all on enrollment, staffing, and facilities. If the school can keep these reasonable, and stay to budget, they should stay open.

A few notes on budget development:

- **Priorities:** staffing, facilities, enrollment. As mentioned above, these are the 3 main drivers in a school's budget.
 - Staffing: ideal staffing is input
 - Facilities: the most desirable available facility is input (in this case, Gladish)
 - Enrollment: ideal enrollment is input.
 - Other: other items are filled with historical costs, example: field trips typically have a budget of \$25-50 dollars per student and that amount can slide back and forth depending on the school's program. This is repeated with all other line items: classroom supplies, technology, etc are all tailored to the school's program needs.

- **Analysis:** once ideal scenarios are in the budget, JGP goes to work on analyzing long-term cash positions and yearly net incomes to identify how much needs to be cut in order to have a sustainable, long-term organization.
 - Analysis is provided to the school leader, who then can adjust staffing, and other line items if needed, until the school reaches a level of fiscal health that is deemed appropriate.
 - This process is repeated until a budget is finalized and brought to the Board for approval.

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