



## Navigator Schools

### Finance Committee

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#### Date and Time

Tuesday February 27, 2018 at 3:00 PM PST

#### Location

650 San Benito Street, Suite 230, Hollister CA 95023

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#### Teleconference Locations

- 83 Great Oaks Blvd., San Jose CA 95119
- 900 Island Drive, Redwood City CA 94065

#### Teleconference Instructions

- Meeting ID: 689 104 265
  - Dial by phone: US: +1 646 876 9923 or +1 669 900 6833 or +1 408 638 0968
  - Join from PC, Mac, Linux, iOS or Android: <https://navigatorschools.zoom.us/j/689104265>
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#### Agenda

##### I. Opening Items

Opening Items

A. Record Attendance and Guests

**B.** Call the Meeting to Order

**C.** Approve Minutes

Approve minutes for Finance Committee on December 5, 2017

**II. Finance**

Finance

**A.** 2017-18 Financials with Dashboard

Highlights of the 2017-18 budget will be compared with year-to-date actuals. Significant changes to projections will be identified and discussed.

**B.** Preliminary 2018-19 Budget

Present and discuss preliminary 2018-19 budgets for CMO, HPS, GPS, and WPS. Documents to be presented include the 2018-19 Budget and the 2018-19 Narrative.

**III. Other Business**

**A.** Cash Management Policy

Review Cash Management Policy (draft).

**IV. Closing Items**

**A.** Adjourn Meeting

# Coversheet

## Approve Minutes

**Section:** I. Opening Items  
**Item:** C. Approve Minutes  
**Purpose:** Approve Minutes  
**Submitted by:**  
**Related Material:** Minutes for Finance Committee on December 5, 2017

APPROVED



## Navigator Schools

### Minutes

#### Finance Committee

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#### Date and Time

Tuesday December 5, 2017 at 5:00 PM

#### Location

Navigator Schools Support Office, 650 San Benito Street, Suite 230, Hollister CA 95023

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#### Teleconference Locations

- 83 Great Oaks Blvd., San Jose CA 95119
- 900 Island Drive, Redwood City CA 94065

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#### Committee Members Present

Joyce Montgomery (remote), Nora Crivello (remote)

#### Committee Members Absent

Caitrin Wright

#### Committee Members who arrived after the meeting opened

Nora Crivello

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## Guests Present

Ami Ortiz, Bryan Adams, Kevin Sved, Sean Martin

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## I. Opening Items

### A. Record Attendance and Guests

### B. Call the Meeting to Order

Joyce Montgomery called a meeting of the Finance Committee of Navigator Schools to order on Tuesday Dec 5, 2017 at 5:01 PM.

### C. Approve Minutes

Joyce noted that the language in the closing motion as recorded in BoardOnTrack during the last meeting may not be worded accurately (Nora made a motion to the floor rather than the committee chair to adjourn the meeting). Sean will rephrase.

## II. Finance

### A. Review 2016-17 Financial Results

1. The committee discussed the making of schedules for districts to provide payments to Navigator Schools to make the process more predictable and efficient.
2. Bryan presented financial narrative and reviewed forecasts.
3. The committee discussed CMO fees, adjustments, and updates.
4. Nora joined the meeting at 5:35 pm (she had notified the team of her delayed arrival ahead of time).

Nora Crivello arrived.

### B. 2016-17 Audited Financial Statements

1. Joyce asked clarifying questions specifically regarding expenditures, prepays, adjustments, and credits related to computers. Joyce requested confirmation as to whether this item is is not to be included in the audit report.
2. Joyce discussed page 8 of the audit and clarified understanding of language included there and suggested an update of policy.
3. Joyce has a question regarding Note 7. Kevin and Ami will respond with confirmation of status of this account.
4. The Board of Directors list (with terms) needs to be updated.
5. The committee discussed P2 numbers related to ADA.

6. Bryan noted that overall ADA is very high for both schools. Kevin noted that there appears to be an error in the ADA Totals for GPS. This will be corrected.

### **C. Review of 2017-18 Financials with Dashboard**

1. The committee reviewed ADA numbers and enrollment numbers. Kevin noted that these numbers need to be updated (see Students and Cash page). Joyce mentioned strategies for using Illuminate to report these numbers.
2. The committee discussed PENSEC deadlines. Ami mentioned that she is adding this task to her calendar.
3. The committee discussed contingencies, favorable and unfavorable variances, and leaves of absence.
4. Bryan explained chronology of technology orders and Kevin added clarifications.
5. The committee reviewed the cash graph and Joyce commended the inclusion of totals by month. Joyce suggested adding actual cash for December going forward (adding a line to the visual).
6. Nora asked for clarification regarding payments from counties. Bryan suggested developing payment schedules for the county.

### **III. Other Business**

#### **A. Review Remaining 2018-19 Budget Development Process and Timeline**

Kevin outlined the process for developing a draft budget to be brought to the board in March 2018. Kevin and Joyce discussed the possibility of a special board meeting to discuss the proposed budget (especially regarding compensation). Bryan and Joyce discussed strategies forecasting compensation increase rates. Kevin indicated that more planning is necessary and Joyce suggested additional strategies (floors and ceilings) relating to salaries. Nora suggested that March is an appropriate target date for presentation to the board. Nora discussed milestones, benchmarks, and triggers.

### **IV. 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 6:03 PM.

Respectfully Submitted,  
Sean Martin

# Coversheet

## 2017-18 Financials with Dashboard

**Section:** II. Finance  
**Item:** A. 2017-18 Financials with Dashboard  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** Item 2A fin\_dashboard 17\_18.pdf



2017-18 Financial Report Narrative  
 February 27, 2017  
 Finance Committee

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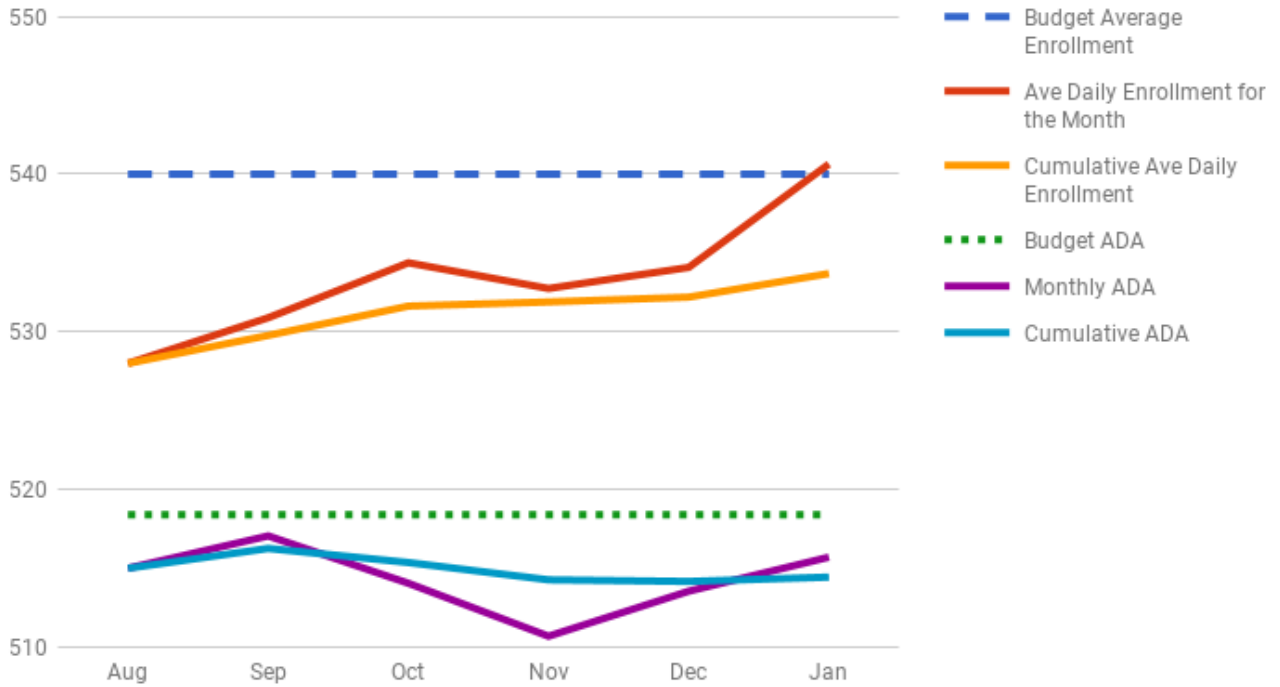
2017-18 Net Income

	<u>Current Projection</u>	<u>Orig Bd Rpt</u>
CMO	\$26K	\$42k
Gilroy Prep	\$34k	\$294k
Hollister Prep	<u>\$290k</u>	<u>\$235k</u>
Total	\$350k	\$571k

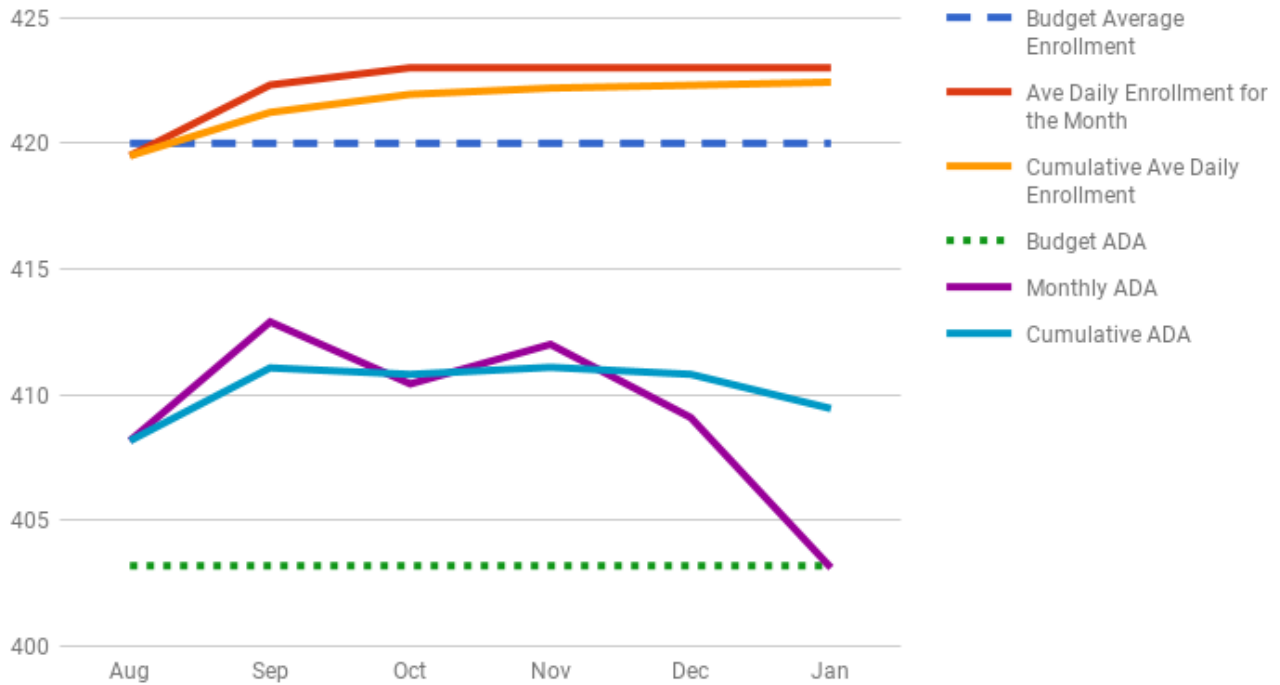
- CMO projected net income variance highlights
  - \$70k favorable variance from adding to the private fundraising total.
  - \$30k unfavorable variance from additional staff hired.
  - \$58k unfavorable variance from benefits and taxes being under budgeted.
  
- Gilroy Prep projected net income variance highlights
  - \$68k favorable variance from one-time mandated cost not budgeted.
  - \$100k favorable variance for elimination of contingency expenses due to the process that has begun to prioritize needs that were not budgeted for.
  - \$300k unfavorable variance in salaries from staffing needs for additional staff to meet the needs of SPED students and staff on leave.
  - \$25k unfavorable variance in benefits & taxes from the additional staff added.
  - \$79k unfavorable variance for Books & Supplies from anticipated technology expenses that were budgeted for the 2016-17 year but, due to late arrival of product, had to be recorded in 2017-18 and for technology needs for the additional staff not originally budgeted for.
  
- Hollister Prep projected net income variance highlights
  - \$51k favorable variance from one-time mandated cost not budgeted.
  - \$50k favorable variance for elimination of contingency expenses due to the process that has begun to prioritize needs that were not budgeted for.
  - \$85k unfavorable variance in salaries from staffing needs for additional Teachers in Training to meet staffing needs to cover multiple Teacher maternity leaves.

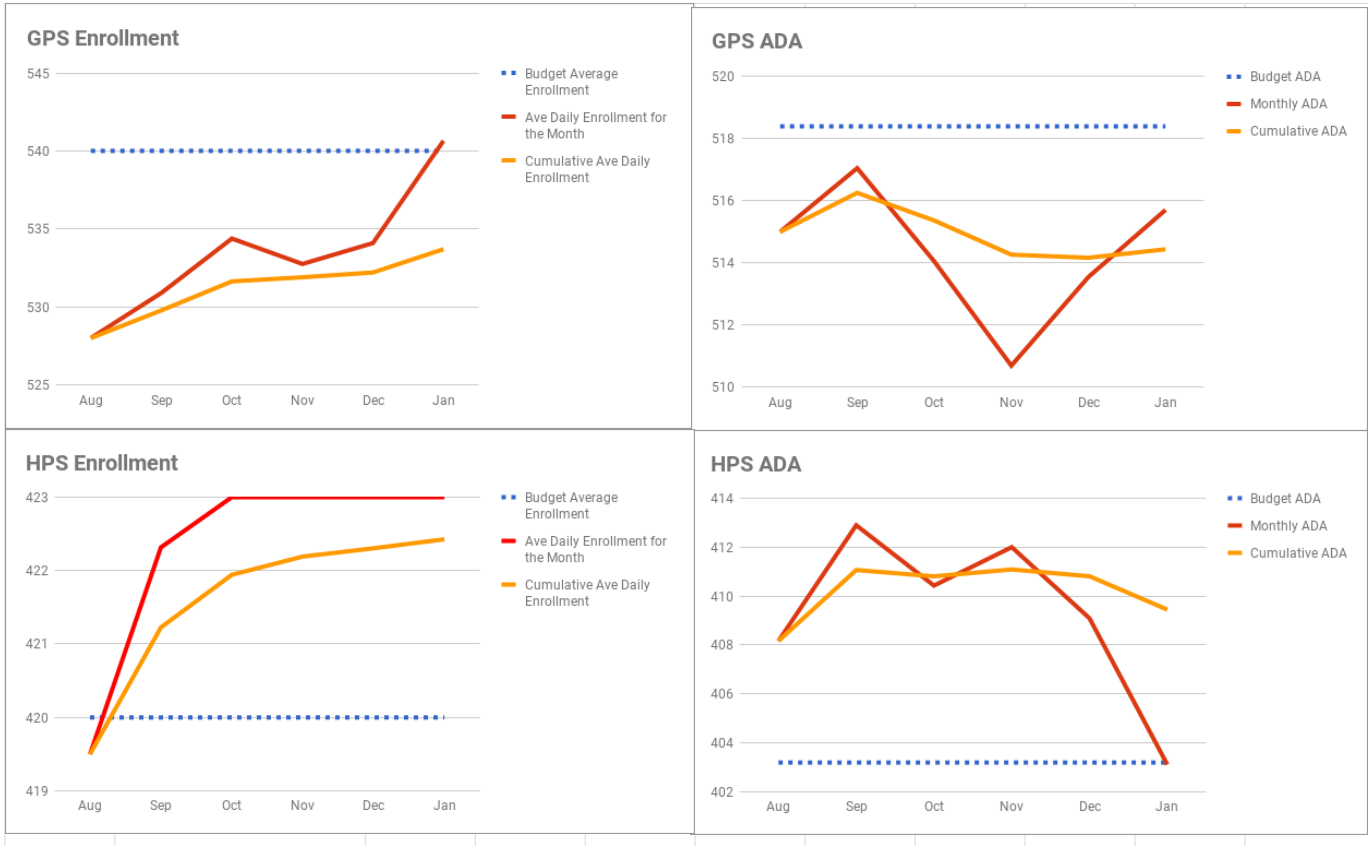


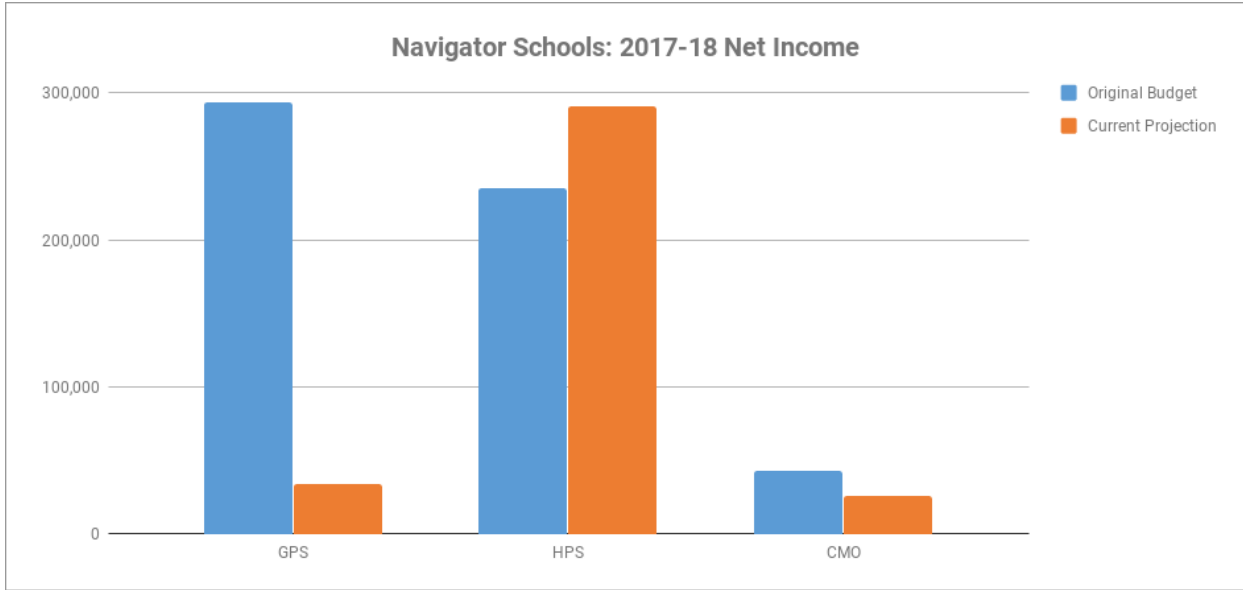
### GPS Enrollment & Attendance Data

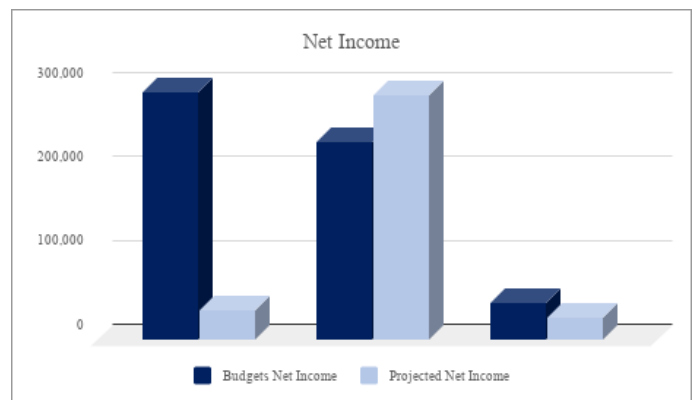
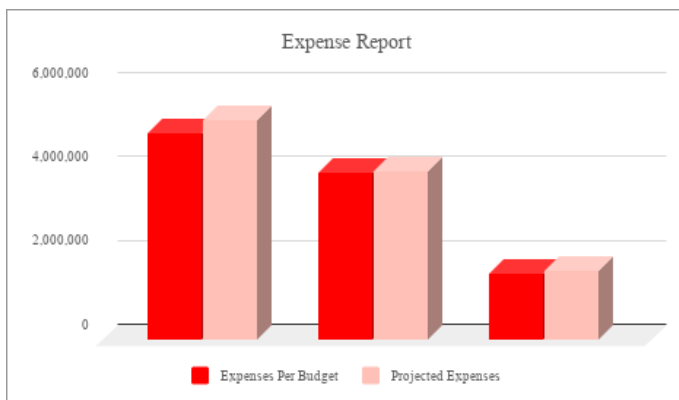
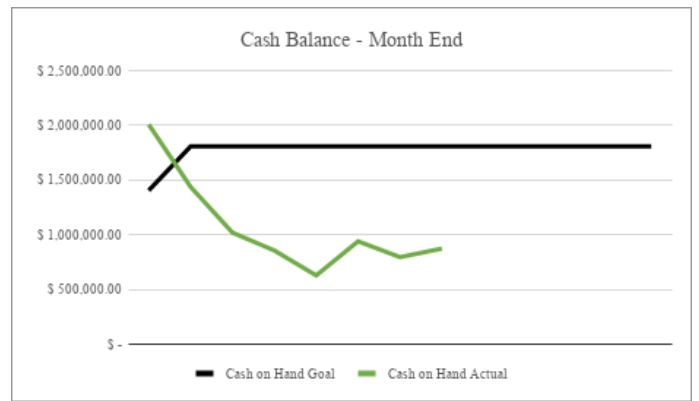
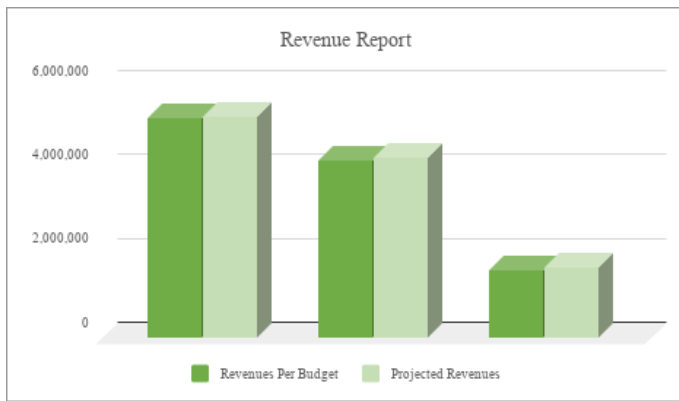


### HPS Enrollment & ADA Data

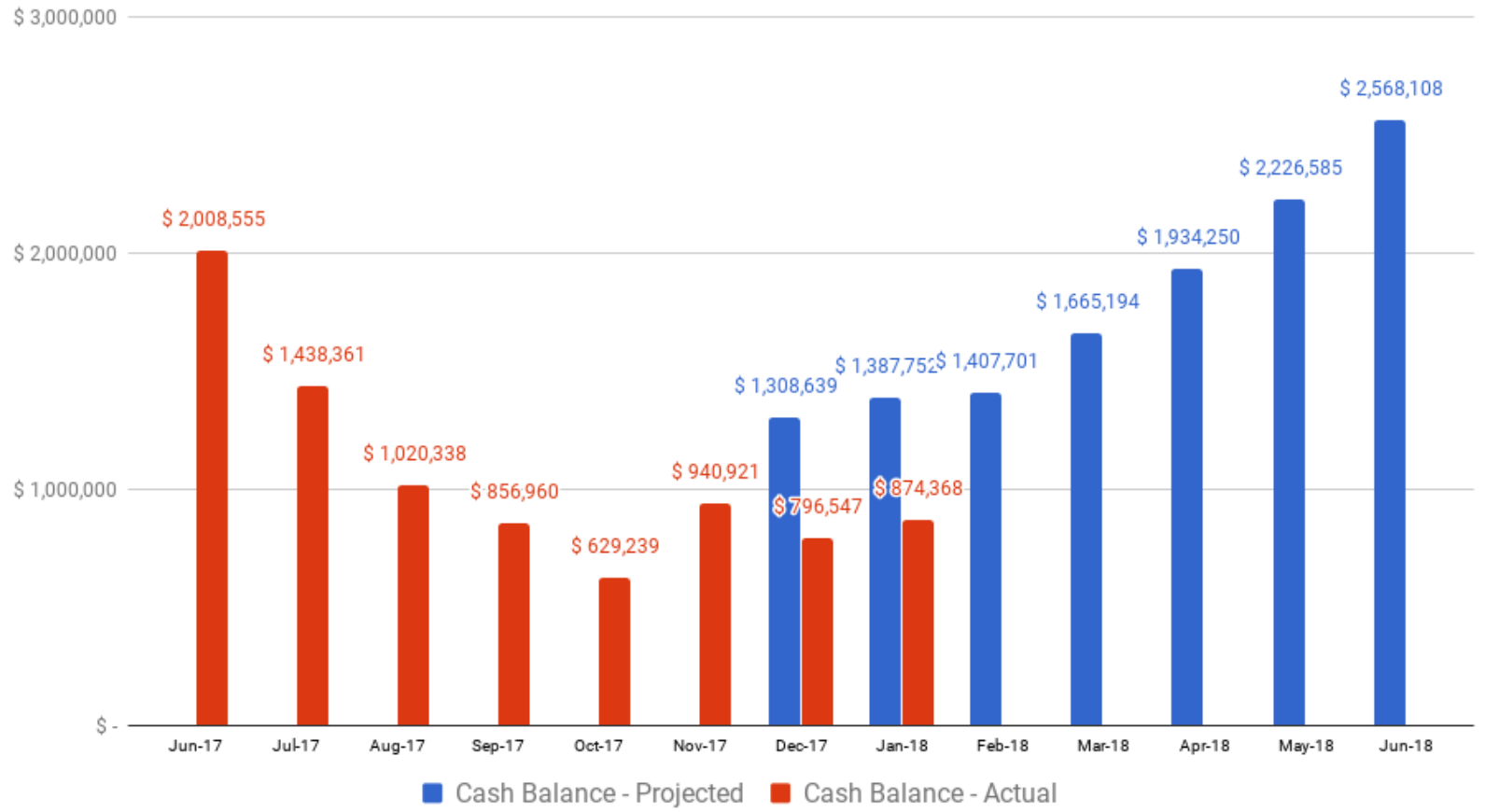








### Cash Balance - Actual vs. Projected



Navigator Schools  
Balance Sheet Comparison

	Actual <u>6/30/2016</u>	Actual <u>6/30/2017</u>	Actual <u>1/31/2018</u>
Cash	1,884,454	2,008,555	874,368
Accounts Receivable	767,909	1,126,497	91,551
Prepaid Expense	72,379	209,415	31,782
Fixed Assets, net of depreciati	188,935	312,895	312,895
<b>Total Assets</b>	<b>2,913,677</b>	<b>3,657,361</b>	<b>1,310,596</b>
Accrued Liabilities	319,149	657,592	223,469
CDE Loan Payable	125,000	62,500	31,161
<b>Total Liabilities</b>	<b>444,149</b>	<b>720,092</b>	<b>254,630</b>
Beginning Fund Balance	1,790,843	2,469,528	2,937,269
Net Income	678,685	467,741	(1,881,303)
Ending Fund Balance	2,469,528	2,937,269	1,055,966
<b>Total Liabilities &amp; Fund Balan</b>	<b>2,913,677</b>	<b>3,657,361</b>	<b>1,310,596</b>

Navigator Schools - 2017-18 Budget vs. Projection

As of February 2018

**Summary Level**

	Total 2017-18 Original <u>Budget</u>	Total 2017-18 Current <u>Projection</u>	GPS 2017-18 Original <u>Budget</u>	GPS 2017-18 Current <u>Projection</u>	HPS 2017-18 Original <u>Budget</u>	HPS 2017-18 Current <u>Projection</u>	CMO 2017-18 Original <u>Budget</u>	CMO 2017-18 Current <u>Projection</u>
<i>Enrollment Projection</i>	960	960	540	540	420	420		
<b>REVENUE:</b>								
LCFF Revenue	8,055,232	8,062,182	4,377,511	4,381,372	3,677,721	3,680,810	0	0
Federal Revenue	403,203	427,853	270,757	293,961	132,446	133,892	0	0
Other State Revenue	771,475	880,969	441,906	478,150	329,569	402,819	0	0
Donations & Grants	156,885	227,585	16,885	17,585	10,000	10,000	130,000	200,000
Other Revenue	154,631	149,270	104,744	93,361	49,887	55,696	0	213
CMO Management Fees	1,449,942	1,451,193					1,449,942	1,451,193
<b>REVENUE</b>	<b>10,991,368</b>	<b>11,199,052</b>	<b>5,211,803</b>	<b>5,264,429</b>	<b>4,199,623</b>	<b>4,283,217</b>	<b>1,579,942</b>	<b>1,651,406</b>
<b>EXPENDITURES:</b>								
Salaries	5,166,066	5,557,863	2,301,008	2,600,809	1,831,375	1,893,142	1,033,683	1,063,912
Benefits & Taxes	1,368,284	1,453,647	639,244	665,969	529,291	529,291	199,749	258,387
Books & Supplies	829,728	937,259	485,740	564,700	290,216	312,098	53,772	60,461
Services & Other Operating Expense	1,380,571	1,397,393	553,777	575,720	576,515	578,823	250,279	242,850
CMO Management Fees	1,449,942	1,451,193	787,952	788,647	661,990	662,546		
Contingency Expenses	150,000	0	100,000	0	50,000	0	0	0
Capital Outlay	157,550	55,672	101,025	45,672	56,525	10,000	0	0
<b>EXPENDITURES</b>	<b>10,502,141</b>	<b>10,853,025</b>	<b>4,968,746</b>	<b>5,241,517</b>	<b>3,995,912</b>	<b>3,985,900</b>	<b>1,537,483</b>	<b>1,625,610</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>489,227</b>	<b>346,025</b>	<b>243,057</b>	<b>22,912</b>	<b>203,711</b>	<b>297,317</b>	<b>42,459</b>	<b>25,796</b>
<b>GAAP Adjustments:</b>								
Revenue Less Expenditures	489,227	346,025	243,057	22,912	203,711	297,317	42,459	25,796
Add back Capita Outlay to Net income	157,550	55,672	101,025	45,672	56,525	10,000	0	0
Subtract Depreciation Expense	(75,800)	(52,000)	(50,362)	(35,000)	(25,438)	(17,000)	0	0
<b>Net Income - GAAP Basis 2017-18</b>	<b>570,977</b>	<b>349,697</b>	<b>293,720</b>	<b>33,584</b>	<b>234,798</b>	<b>290,317</b>	<b>42,459</b>	<b>25,796</b>
Beginning Net Assets @ 6/30/17 (latest projecti	3,136,443	2,937,269	1,642,303	1,478,654	1,324,788	1,306,504	169,352	152,111
<b>Net Income - GAAP Basis 2017-18</b>	<b>570,977</b>	<b>349,697</b>	<b>293,720</b>	<b>33,584</b>	<b>234,798</b>	<b>290,317</b>	<b>42,459</b>	<b>25,796</b>
Ending Net Assets @ 6/30/18	3,707,420	3,286,966	1,936,023	1,512,238	1,559,586	1,596,821	211,811	177,907

Navigator Schools - 2017-18 Latest Projection Comparison to 2016-17 Actuals  
As of February 2018

Income Statement - Combined <i>CMO/GPS/HPS</i>	2017-18 Original Budget	<b>2017-18 Latest Projection</b>	2016-17 Audited Actuals
Revenue	10,991,368	<b>11,199,052</b>	9,860,508
Expenses	10,420,391	<b>10,849,355</b>	9,392,768
<b>Net Income - GAAP basis (audit)</b>	570,977	<b>349,697</b>	467,740
Less Capital Outlay	(157,550)	<b>(55,672)</b>	(190,113)
Revenue less expenses & capital out	413,427	<b>294,025</b>	277,627

	<u>2017-18</u>	<u><b>2017-18</b></u>	<u>2016-17</u>
Beginning Fund Balance	3,286,965	<b>2,937,268</b>	2,469,528
<b>Net Income - GAAP basis (audit)</b>	570,977	<b>349,697</b>	467,740
Ending Fund Balance	<u>3,857,942</u>	<u><b>3,286,965</b></u>	<u>2,937,268</u>

Revenues/Student *	9,939	<b>10,154</b>	10,254
Expenses/Student *	9,344	<b>9,790</b>	9,697
Fund Balance/Student at Year End	4,019	<b>3,424</b>	3,497

\* Revenues and Expenses per student do not include CMO Management Fee Revenue/Expense because that is an intercompany charge.



Navigator Schools - Financial Data

<u>Attendance and Enrollment Data</u>	<u>Total</u>	<u>GPS</u>	<u>HPS</u>
2017-18 ADA - Approved Budget	921.6	518.4	403.2
2017-18 ADA thru 1/31/18	923.9	514.44	409.4
2017-18 ADA % thru 1/31/18	96.6%	96.4%	96.9%
2017-18 Enrollment - Approved Budget	960.0	540.0	420.0
2017-18 Ave Enrollment thru 1/31/18	956.1	533.7	422.4
Enrollment as of 1/31/18	964.0	541.0	423.0

	<u>Actual</u>	<u>Goal</u>
Cash balance as of 1/31/18	874,368	1,508,700
Annual Budgeted Expenditures (not including CMO Mgmt Fees)	9,052,199	9,052,199
Number of Months Cash on Hand	1.16	2.00

# Coversheet

## Preliminary 2018-19 Budget

**Section:** II. Finance  
**Item:** B. Preliminary 2018-19 Budget  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** Item 2B Preliminary 18\_19.pdf



2018-19 Financial Report Narrative  
February 27, 2017  
Finance Committee

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2018-19 Preliminary Budget

	Net Income (Before GAAP)	Net Income (GAAP)	Projected Beginning Fund Balance	Projected Ending Fund Balance
CMO	\$1k	\$1k	\$178k	\$179k
Gilroy Prep	\$166k	\$131k	\$1.5m	\$1.65m
Hollister Prep	\$461k	\$519k	\$1.6m	\$2.1m
Watsonville Prep	\$48k	\$496k	\$0	\$496k
<b>Total</b>		<b>\$1.2k</b>	<b>\$3.3m</b>	<b>\$4m</b>

The total net income of \$1.2m reflects the following general assumptions:

- LCFF is funded at target.
- Enrollment will increase from 960 in 2017-18 to 1020 in 2018-19 due to the addition of one grade level at HPS campus increasing enrollment from 420 to 480 students.
- New teachers will be added to HPS in proportion to the increase in enrollment.
- Hollister Prep includes capital improvement expenses of \$75,000 for site development planning and architectural design fees in support of a permanent HPS facility solution.
- The continued staffing of the Innovation Fellow is included in the CMO budget with the anticipation of securing \$90,000 in restricted grant funding. This position will not be continued unless the restricted funds are secured.
- The remaining \$575,000 of private donations are based on pledged and anticipated growth funding.
- CMO fees as a % of LCFF revenue will remain at 18%.
- Salaries and benefits are based on an increase of 4% for all staff at HPS, GPS and CMO. These are average increases and will be applied to each employee based on merit and cost of living adjustments.
- The addition of 3.75 FTE positions will be added to the CMO:
  - \$150,800 Chief Academic Officer (increasing from 25% FTE to 100% FTE.)
  - \$125,000 Director of Curriculum and Instruction
  - \$80,000 PBIS Coordinator
  - \$65,000 SIS Coordinator
- \$55,000 is allocated for the addition of a development consultant.
- Benefits will increase by a higher percentage than salaries because of two factors:
  - STRS contribution rate will increase from 14.43% in 2017-18 to 16.28% in 2018-19.
  - Health Insurance inflation is estimated at 8%.

Navigator Schools - 2018-19 Preliminary Budget  
Feb 2017 Finance Committee Report

<b>2018-19 Preliminary Budget:</b>	Total 2018-19 Preliminary Budget	Change from 2017-18	% Change from 2017-18	GPS 2018-19 Preliminary Budget	Change from 2017-18	% Change from 2017-18	HPS 2018-19 Preliminary Budget	Change from 2017-18	% Change from 2017-18	CMO 2018-19 Preliminary Budget	Change from 2017-18	% Change from 2017-18	WPS 2018-19 Preliminary Budget
<i>Enrollment Projection</i>	1020	60	6.25%	540	0	0.00%	480	60	14.29%				YEAR ZERO
<b>REVENUE:</b>													
LCFF Revenue	8,952,530	890,348	11.04%	4,581,673	200,301	4.57%	4,370,857	690,047	18.75%	0	0		0
Federal Revenue	596,981	19,127	3.31%	293,962	0	0.00%	153,019	19,127	14.29%	0	0		150,000
Other State Revenue	938,515	57,546	6.53%	478,150	0	0.00%	460,365	57,546	14.29%	0	0		0
Donations & Grants	1,435,585	466,429	48.13%	17,585	0	0.00%	3,000	1,429	90.96%	665,000	465,000	232.50%	750,000
Other Revenue	133,361	7,957	6.35%	93,361	0	0.00%	40,000	7,957	24.83%	0	0		0
CMO Management Fees	1,611,455	160,262	11.04%							1,611,455	160,262	11.04%	0
<b>REVENUE</b>	<b>13,668,427</b>	<b>1,601,669</b>	<b>13.27%</b>	<b>5,464,731</b>	<b>200,301</b>	<b>3.80%</b>	<b>5,027,241</b>	<b>776,106</b>	<b>18.26%</b>	<b>2,276,455</b>	<b>625,262</b>	<b>37.87%</b>	<b>900,000</b>
<b>EXPENDITURES:</b>													
Salaries	6,504,882	794,019	13.90%	2,736,015	135,206	5.20%	2,077,200	184,058	9.72%	1,538,667	474,755	44.62%	153,000
Benefits & Taxes	1,800,925	281,049	18.49%	726,074	60,105	9.03%	636,156	78,895	14.16%	400,437	142,049	54.98%	38,258
Books & Supplies	754,381	-211,668	-21.91%	402,633	-162,067	-28.70%	262,496	-49,601	-15.89%	60,462	0	0.00%	28,790
Services & Other Operating Expense	1,797,695	252,419	16.33%	608,878	69,211	12.82%	728,613	149,790	25.88%	276,269	33,418	13.76%	183,935
CMO Management Fees	1,611,455	160,262	11.04%	824,701	36,054	4.57%	786,754	124,208	18.75%	0	0		0
Capital Outlay	523,000	75,853	16.96%	0	-45,672	-100.00%	75,000	121,525	-261.20%	0	0		448,000
<b>EXPENDITURES</b>	<b>12,992,338</b>	<b>1,351,934</b>	<b>11.61%</b>	<b>5,298,301</b>	<b>92,837</b>	<b>1.78%</b>	<b>4,566,219</b>	<b>608,875</b>	<b>15.39%</b>	<b>2,275,835</b>	<b>650,222</b>	<b>40.00%</b>	<b>851,983</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>676,089</b>	<b>249,735</b>	<b>58.57%</b>	<b>166,430</b>	<b>107,464</b>	<b>182.25%</b>	<b>461,022</b>	<b>167,231</b>	<b>0.00%</b>	<b>620</b>	<b>-24,960</b>	<b>0</b>	<b>48,017</b>
<u>GAAP Adjustments:</u>													
Revenue Less Expenditures	676,089			166,430			461,022			620			48,017
Add back Capita Outlay to Net income	0			0			75,000			0			448,000
Subtract Depreciation Expense	-52,000			-35,000			-17,000			0			0
Net Income - GAAP Basis 2018-19	624,089			131,430			519,022			620			496,017
<b>Projected Fund Balance at 6/30/18</b>	<u>3,287,583</u>			<u>1,512,239</u>			<u>1,596,821</u>			<u>178,523</u>			<u>0</u>
<b>Projected Fund Balance at 6/30/19</b>	<u>3,911,672</u>			<u>1,643,669</u>			<u>2,115,843</u>			<u>179,143</u>			<u>496,017</u>

# Coversheet

## Cash Management Policy

<b>Section:</b>	III. Other Business
<b>Item:</b>	A. Cash Management Policy
<b>Purpose:</b>	Discuss
<b>Submitted by:</b>	
<b>Related Material:</b>	3A Cash Mgmt Policy.pdf

## DRAFT Navigator Schools Cash Management Policy

### I. PURPOSE

The purpose of the Cash Management Policy is to provide written guidelines regarding the management of the Organization's deposit accounts. The policy is also established to ensure appropriate asset levels are maintained and assets remain accessible and retain liquidity to be used for Chapter expenses and initiatives.

### II. CASH MANAGEMENT POLICIES

#### Asset Types

- 1) Organization assets will remain liquid and are authorized to be placed in the following types of deposit accounts:
  - a. Checking accounts
  - b. Savings accounts
  - c. Money market accounts
  - d. Certificates of Deposit

#### Deposit Account Balances

- 1) The Director of Business and Finance will ensure balances maintained in the Organization's deposit accounts are appropriate. Consideration shall be given to forecasts of Chapter expenses, interest rates of deposit accounts, and the incurrence of banking fees related to maintaining balance levels.
- 2) The transfer of assets between deposit accounts to will be performed at the discretion of the Director of Business & Finance.

#### Deposit Accounts Access and Authorizations

- 1) The CEO, CAO and Director of HR will be the only authorized signers on the Organization's accounts.
- 2) The Director of Business & Finance and the Payroll & Accounting Clerk will be authorized to make deposits on behalf of the Organization.
- 3) Each deposit account will be maintained at a different bank and maintain a balance of \$250,000 or less at all times.
- 4) The Director of Business & Finance and the CEO will be the only individuals authorized to initiate withdrawals or transfers to and from the Organization's accounts.
- 5) The Finance Committee will review the addition or removal of an authorized signer and this will be documented in Finance Committee minutes.
- 6) The Finance Committee will review the opening or closing of deposit accounts and this will be documented in the Finance Committee minutes.

- 7) The President, the Board, and other Organizational Leaders will not be authorized to conduct financial transactions within the Organization's deposit accounts.
- 8) There will be one main, interest bearing, deposit account that all cash is deposited into. From that account funds will be disbursed into a payroll account, savings account, or checking account as needed.
- 9) Each deposit account will be maintained at a different bank and maintain a balance of \$250,000 or less at all times.