

APPROVED



Veritas Preparatory Charter School

Minutes

Finance Committee Meeting

Zoom Meeting

Date and Time

Friday September 18, 2020 at 8:30 AM

Location

[Join Zoom Meeting](#)

ID: 85045189772

Password: 004233



[\(US\) +1 312-626-6799](#)



Passcode: 004233

Committee Members Present

D. Ford (remote), D. Fuller (remote), L. Goncalves (remote), M. Landon (remote), R. Martin (remote), R. Romano (remote), T. Gabinetti (remote), T. Maxey (remote)

Committee Members Absent

None

Guests Present

David Kelleher, AAF (remote), Nicole Reilly, AAF (remote), rob

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

D. Ford called a meeting of the Finance Committee of Veritas Preparatory Charter School to order on Friday Sep 18, 2020 at 8:30 AM.

C. Approve Minutes

D. Fuller made a motion to approve the minutes from Finance Committee Meeting on 08-20-20.

T. Gabinetti seconded the motion.

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

Roll Call

D. Fuller	Aye
M. Landon	Aye
D. Ford	Aye
T. Gabinetti	Aye
T. Maxey	Aye
R. Romano	Abstain
L. Goncalves	Abstain

II. Finance

A. FY20 Audit Presentation by AAFCPAs

Nicole Reilly started by presenting the audited financial statements. This is the report where AAF issues an opinion which is an unmodified opinion meaning there were no issues with the audit. We are required to have a management discussion and analysis which is verified by AAF top ensure that the numbers reconcile and make sense. The last paragraph is in response to the required compliance test, internal controls compliance report. There was one finding which is included in the management letter. The management discussion and analysis is a good summary of the school's activity and summarized the numbers, more user friendly than a financial statement for those who are not used to reading statements.

The first three columns represent the school and the last three the foundation. Nicole pointed the committee to the total changes in net position for the school and the foundation. This year we had significant contributions to the foundation which is show in the contributions to the foundations. As far as the school goes, we ended the year with a \$300k surplus. The capital grant form the Mifflin foundation to support the roof project in the amount of \$70k contributed to this surplus. Per pupil tuition was increased and we added 23 students to the school which increased revenues and also contributed to the surplus. Nicole explained the in-kind donations on the statement related to the retirement system, transportation and nutrition program. Rental income form Springfield Prep is no

longer represented in this year's statements which is a difference to highlight from last year. Otherwise, there were no big changes from previous year. Income on school of \$396k and related expense on the foundation is for the space and services agreement that supports our partnership with the Holyoke Public Schools.

Nicole directed committee members back down to the bottom of the balance sheet, \$1.9M is the total net position which includes capital/restricted grants, contributions to the foundation, net investment in capital assets and the unrestricted net position which is equity and working capital. \$565k in school and \$30k in foundation. Some things that stick out different from last year are tuition, grants and contracts - last year there was a large receivable from DESE due to a late tuition payment. This year the tuition came in on time so cash position is stronger. David contributed that we increased our capital reserve which is good considering we are planning to expand through high school and Nicole also noted that we made capital investments in the building as well. David Fuller asked about the "right-to-use" line in the school's budget and Nicole/David explained how this ties out with the foundation related to the lease agreement with the foundation which owns the facility and leases to the school. Nicole invited additional questions on the balance sheet. Nicole reviewed the footnotes and noted that there was no changes or items to note. Nothing is really different from previous years. They do include more detail on the right to use line in footnote 5 and footnote 6 shows more detail related to the lease agreement as well.

Denise asked about the guarantee from Mass Development and if it was separately amortizing and paid off prior to the debt or if it was tied into the bank loan. The maturity date on the loan is 2027 and the guarantee is 2022. Lynne suggested that we may consider refinancing with the high school facility depending on where the high school is located and if we will eventually own the building or not. She has been talking with PeoplesBank about that possibility.

Nicole noted that the contingency language about the pandemic, new to the report this year, is standard language included in all audit reports this year.

Two employees that were tested were not registered within 30 days with MTRS. AAF is required to report this as a finding. Tony asked about the timing of when these two employees were registered into the system, Lynne explained that these two employees were registered within two weeks outside of the 30 days. Lynne explained how the team has improved the process to get employees to register themselves within the 30 day required window. This is considered a material issue of non-compliance which must be documented in the audit. It will be documented as a finding in both the management letter and the audit report.

Nicole presented the board report which is just for management and the board, this does not go to the state. This is where we would note any difficulties with the audit, there were none. We did it all remotely and it was smooth and we appreciate Lynne and team for a

smooth audit and good coordination. Corrected and uncorrected statements are included at the back of this statement and we also included best practice recommendations in this report. We did test one of 25 checks that required dual signature not met and so this is not rising to any significant issue but we did report it to you here. There was only one journal entry, the in kind transportation which came out from state during the audit, so that is great that there was nothing to adjust or report. Nicole invited questions from trustees. David Fuller asked if it was a requirement for the recipient of the check to be able to cash it with dual signatures and it is not. It is an internal requirement based on our own fiscal policies.

Nicole then shared the ratios and comparable schools for 2019 and 2020. These numbers will be updates as AAF completes their audits of FY20 and we will share the updated version again with the committee once audits are complete and FY20 numbers are updates across all comparable schools.

B. Monthly Financial Reports

August financials are in line with expectations for early in the year. Trustees invited to ask questions. No questions this month. We will discuss FY21 and tuition and budget at next meeting in more depth.

III. Other Business

A. Finance Committee Annual Goals

Lynne, Rachel and Denise met last week to draft some goals for the finance committee. Denise share the following draft goals with committee for their feedback:

1. Finance Committee to oversee the plan for the Development Committee to debrief FY20, its successes and challenges, and plan future event(s) to continue engaging the larger community
2. Finance Committee to complete two or more risk assessments of specific financial areas in the organization
3. Finance Committee to oversee, review and discuss long range financial projections to be prepared to inform the Board how key decisions impact viability of the organization (capital, facilities, dissemination, high school design, etc.)
4. Discuss investment strategies for cash reserves

Denise asked trustees to review these goals and send her any feedback or comments about anything they would like to add, subtract or modify. Otherwise we will adopt these goals for FY21.

IV. Closing Items

A.

Adjourn Meeting

D. Fuller made a motion to adjourn the meeting.

T. Maxey seconded the motion.

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

Roll Call

D. Ford Aye

T. Gabinetti Aye

M. Landon Aye

R. Romano Abstain

D. Fuller Aye

T. Maxey Aye

R. Martin Aye

L. Goncalves Abstain

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:30 AM.

Respectfully Submitted,

R. Romano