

APPROVED



Veritas Preparatory Charter School

Minutes

Finance Committee Meeting

Date and Time

Monday January 23, 2023 at 3:00 PM

Location

Veritas Prep Charter School 1st Floor Conference Room or Dial-In Number: 866-848-2216,
Conference Code: 7783935205, Leader Code: 2356

[Join Zoom Meeting](#)

ID: 82384629673

Passcode: 966439

[\(US\) +1 929-205-6099](#)

Passcode: 966439

Committee Members Present

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

Committee Members Absent

T. Maxey

Guests Present

N. Gauthier (remote)

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 Monday Jan 23, 2023 at 3:03 PM.

C. Approve Minutes

D. Fuller made a motion to approve the minutes from Finance Committee Meeting on 12-15-22.

R. Martin seconded the motion.

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

II. Finance

A. High School Real Estate/Tax Update

Rachel updates the committee that the third quarter tax bill is much higher than we assumed in our previous projections. We had budgeted for \$150,000 in taxes on the HS property and the new tax bill has an annual tax of \$344,000. This is a big difference and would cause us to make some programmatic decisions. This has us contemplating how we may be able to buy the building earlier than planned. We will file and abatement. Rachel and Lynne did meet with People's Bank and we will be sharing projections with them - thinking about buying the building and what would that look like. This all hinges on our contractor being willing and able to sell us the building much sooner than he may have anticipated.

David asks what the assessment of the building was prior to our involvement with it?

Rachel says it was under 3 million - once the construction was complete it went to 9 million.

Follow Up: Denise says we should get an assessment on what the building is worth now - due to volatility in the market. It could work to our advantage.

Matt asks if our assumptions about taxes were solid before we began the HS project?

Rachel says we made a mistake by not anticipating any tax increases or too small tax increases.

Rachel would like to make a realistic timeline for buying the building. We will then have to figure out financing.

B. Monthly Financial Reports

Revenue Highlights and Changes: Enrollment is 490 students, as expected when discussed last month that we would experience a few more students unenrolling between October and February. Grants are being monitored closely and trending as expected with the majority of those allowable expenses being related to staffing costs.

Denise asks how much we are bringing in from ESSER III to cover these staffing costs?

Lynne says it was approximately an additional \$150,000 for this year. Next year is the same as previously projected and year 3 she dropped it to \$400,000 from \$500,000.

Lynne also added the HS tax increase into the budget/projections so that we can make some shifts within those budget buckets. We are still hoping to break even this year. The new quarterly tax amount is approximately \$138,000 (covering for the first two quarters being short) and then it will be approximately \$86,000 quarterly moving forward.

Denise asks if there is a point in time where we need to transfer the amount that we owe to Friends?

Lynne says yes, before June 30th. We could have Friends make a contribution to the VPCS side but we can't drop below the financial covenant level on the Friends side. Lynne expects this to be completed by March.

Follow up: Lynne email and give him a firm date of when to complete the updated covenant for Friends.

Expense Highlights and Changes: We will consider a budget revision in February to account for known increased costs. See notes on the bottom of the Statement of Revenue, Expenses and Change in Net Position for more details regarding expenses. Released \$214,939 of Contingency to account for student attrition. The \$214,939 amount comes from the expected tuition if we were at full enrollment at the DESE projected per pupil rate minus projected tuition revenue based on current enrollment numbers;
 $\$8,513,290 - \$8,298,351 = \$214,939$

Change in Net Position: With cash averaging below \$1million we are currently experiencing a 30 window of available cash which is 60 days short of ideally where it would be, so there is strong need for future surpluses to build the available cash back up to a healthy level. There have been recent investments in fixed assets and long term purchases that have been paid for out of cash. The majority of those purchases have been planned (\$675k) and some unplanned (\$86k) which is what reduced our available cash by about 25 days, just to share a different perspective.

C. Middle School/High School Expense Reports

Lynne explains that this report shows how we are breaking down the revenue and expenses by general categories: middle school, high school, whole school. The first three columns plus the unclassified column (items that we are working on to resolve or accrued estimated payroll that gets reclassified on June 30th) are total operating costs. The remaining three columns are grant related.

Denise says Lynne could do this report quarterly so that we can look at trends, etc. rather than monthly. (Provide the month after the quarter ends).

D. Capital Plan Expenditures Summary

Lynne mentions that this plan has not changed.

Lynne mentions the cable wiring - we will have to do it at some point but we may be able to wait on this for a year or two.

Lynne knows we are "cash poor" at this moment but it is hard to think about taking a loan out on a service and she wonders if there is a threshold where we take a loan out on something or not.

Denise says it depends on the expenditure, If your buying equipment, perhaps leasing is something we should look at rather than buying it outright especially, if its something that will depreciate and will need to be replaced in the future. Financing for technology infrastructure is harder so we need to figure out how long we can put a project like this off without creating a crisis situation. Is it something that could be phased and we could do a part this year and a part next year? If we can defer some cash outlays, that would be good.

Follow Up: Team needs to look at the high priority items on the capital plan and determine if they can be phased or are they critical at this time?

Lynne says the lower parking lot project was re-evaluated and it could potentially be reclassified as "medium" as opposed to "high" priority since the pothole has been filled and will get us through the rest of this year.

Denise asks if we have someone professionally covering janitorial services at the HS?

Lynne says no, we have a part-time team and then one full time employee overseeing both schools. We may go out to bid for a janitorial service for the middle school because we have not found someone to fill that full-time role.

E. Fiscal Policies and Procedures Amendment

On page 6 and page 37, we refer to Appendix A. We have adopted a uniform grant guidance that superseding our previously included grant guidance that will apply when grant funds are being used to purchase uniforms and uniform items.

On page 20, we adopted the investment policy as an appendix to this document. It was previously a stand alone policy.

On pages 34-36, there were some small adjustments with payroll - not paper anymore, all electronic.

We will bring this amendment to the Board for a vote next week.

F. Long Term Projections

Lynne mentions that these are a first draft of long-term projections. We are still working on it but wanted feedback from the finance committee. We are still working out some areas including staffing and administrative costs. In terms of instructional costs, we are still figuring out costs for HS curriculum, materials, and early college implementation.

Denise asks about the cash reserve projections vs. the cash reserve goal?

Lynne says the goal is ideally what we would have - 90 days of cash; if we don't have surpluses and we don't recognize the current contingencies then the amount here would be lower (a two plus million dollar gap).

Denise asks if there is a plan to close this gap?

Rachel says no but as we are making plans and decisions moving forward, we need to prioritize saving cash and being transparent with budget practices.

Denise asks about cash reserve projections - does that include investments?

Rachel says it is excluding it but it should be in there.

Lynne did not include it because investments are intended as a long term investment and not cash we can access. She would like to keep it in there as a capital reserve and not a cash reserve.

Rachel agrees but believes for this audience (finance committee) they should see this information, for others we can leave it out.

Denise suggests the cash reserve projection should be detailed in a way that represents how many days of cash on hand we would have. A second line could say what we need to get to 60 days. Then our cash reserve goal is 90 days. For FY2024 we'd like to get to

the middle goal of 30/45 days cash on hand and then get to 60 days and then eventually reach our goal.

Follow Up: Long term projections will come back to the Finance committee next month. Extend the meeting in February or March. Rachel and Lynne will discuss. Denise would like to see worst vs. best case scenario.

III. 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 4:12 PM.

Respectfully Submitted,
D. Ford

Documents used during the meeting

- Financial Reports to Finance Committee 1.pdf
- Functional Expense Breakdown.pdf
- VPCS_Capital Budget (2) January 23.pdf
- Fiscal Policies and Procedures - January 2023 redlined.pdf
- Appendix A - Uniform Grant Guidance January 2023.pdf
- VPCS 5yr Projection Summary January 2023.pdf
- VPCS 5yr Projection Details January 2023.pdf