APPROVED

Veritas Preparatory Charter School

Minutes

Finance Committee Meeting

Date and Time
Thursday March 16, 2023 at 4:00 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), L. Goncalves (remote), M. Landon (remote), R. Martin (remote), R. Romano (remote), T. Maxey (remote)

Committee Members Absent
D. Fuller

Non Voting Members Present
D. Janes (remote)

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 Thursday Mar 16, 2023 at 4:03 PM.

C. Approve Minutes

T. Maxey made a motion to approve the minutes from Finance Committee Meeting on 02-16-23.
R. Martin seconded the motion.
The committee **VOTED** unanimously to approve the motion.

II. Finance

A. Monthly Financial Reports

Revenue Highlights and Changes: As the SVB crisis unfolds we can rest assured that our finances are in good hands. We checked in with Steve at Seeley Howard Private Wealth who continues to have a positive outlook on our long term investments and Peoples Bank sent a friendly reminder that our funds are insured by the FDIC and DIF fully. Actual enrollment is 481 students. The projection tuition revenue is based on an average of 489 students from the beginning of the school year until January. Grants are being monitored closely and trending as expected with the majority of those allowable expenses being related to staffing costs. In January about $24k was recognized from ECF and Medicaid funds that were not previously captured in the budget or projections.

Lynne informs the committee that we are still waiting to hear on the SOA grant. Entitlement grants increase would be $145,000. Lynne held back $50,000 of this grant to use in the summer.

Expense Highlights and Changes: See notes on the bottom of the Statement of Revenue, Expenses and Change in Net Position for more details regarding expenses. Released the full amount of Contingency due to lower than expected student enrollment.

We are seeing an increase in some expenses where we did not expect them (i.e. curriculum building, etc.).

Denise asks about our January YTD compared to this month - went from positive to negative. (Operating change in net position).

Lynne says this is partially in response to:
1.) Amount of revenue from ESSER III grant didn't come in until February - so it is not included here and that is approx. $87,000.
2.) Several expenses hit in this month that were not planned for (i.e. Matterlab partnership for Talent strategy, etc.)

Lynne says by June 30th a lot should even out, especially as grant monies come in.

Dale asks if there is a way to have a column for YTD budget that breaks out dollar wise where we are currently in the budget?

Lynne says she could generate a separate report that could get this information to the Board. She is able to generate that type of report from QuickBooks.

Change in Net Position: With cash averaging below $1million we are currently experiencing a 30 day 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.

B. 5yr Projections - Scenario A

Here we are showing enrollment projections a planned, expenses aligned with planned revenues. etc.

Major Assumptions and Highlights:
1) Enrollment assumes a similar recruitment plan to Veritas' history, backfilling of all seats through 10th grade at 101 per grade, and retention of 80%+ of high school students in 11th and 12th grades.
2) Staffing plans have been reviewed by school leadership in depth
3) Revenue Assumptions:
a) Tuition takes into consideration full funding of the Student Opportunity Act (SOA) by FY27 followed by 1.5% increases each year thereafter. MCPSA has reviewed and conferred. This version also takes into consideration the release of the Governor's tuition projections which seems to get school to the SOA appropriations quicker. b) Entitlement Grant per pupil rates are stagnant year over year at $1,300
c) ESSER funding ends September 2024 so there is a need to reduce staffing in some areas
d) Competitive Grants will continue to be needed for the high school expansion, early college program,
and funding replacement until the full SOA is realized in FY27

e) Private Grants and donations of approximately $400,000 are needed from FY24 through FY26

4) Cost Assumptions:

a) Staffing and related costs average about 71% of the budget which is typical of Veritas's history

b) Administrative and other fixed costs average about 5% of the budget which is typical of Veritas' history

c) Instructional and student support costs average about 9% of the budget which is typical of Veritas's history

d) Facility and other related costs average about 14% which is higher than Veritas' five year historical percentage of 11% due to leasing the high school facility and higher property taxes than expected

5) The following budget lines will need to be monitored closely over the next few years by leadership:

a) Staffing growth plans over the next 4 years as the high school expands to serve grades 9-12

b) Instructional costs in the areas of high school curriculum development and early college costs as well as overall supply and material costs at both middle and high school. Currently early college costs are slightly above what is called for in the Parthenon Study which is good. the Parthenon Study which is good.

Enrollment was lower for the past year due to a programmatic choice. This should return to normal in the next year.

The committee discusses possible contingencies in this scenario.

Rachel informs the committee that we have a strong staffing plan in place moving forward.

The big change from last month's projections to this month is that the governor's budget came out and had higher tuition projections than initially anticipated, which is good for Veritas.

Rachel informs the Board that last night Veritas Prep's high school was approved for Designation as a Massachusetts Early College Program starting in Fall 2023. This means that there will be more grants we will be able to apply for in the future. Governor Healey's budget also approved increased Early College funding so we are well positioned to apply and receive monies related to early college moving forward.

The committee discusses development opportunities through foundations as well as annual fundraising events to assist with revenue moving forward.

C. 5yr Projections - Scenario B

This scenario is worst case scenario.

Major Assumptions and Highlights:
1) Enrollment assumes an aggressive recruitment plan with concerns about filling 5th grade fully, backfilling all seats 6th through 8th grade at 108+ per grade, and retention of 94% of high school students in each high school year
2) Staffing plans have been reviewed by school leadership in depth
3) Revenue Assumptions:
a) Tuition takes into consideration full funding of the Student Opportunity Act (SOA) by FY27 followed by 1.5% increases each year thereafter. MCPSA has reviewed and confered. This version also takes into consideration the release of the Governor's tuition projections which seems to get school to the SOA appropriations quicker. b) Entitlement Grant per pupil rates are stagnant year over year at $1,300
c) ESSER funding ends September 2024 so there is a need to reduce staffing in some areas
d) Competitive Grants will continue to be needed for the high school expansion, early college program,
and funding replacement until the full SOA is realized in FY27 (50% less than Scenario A-2)
e) Private Grants and donations of approximately $400,000 are needed from FY24 through FY26
4) Cost Assumptions:
a) Staffing and related costs average about 71% of the budget which is typical of Veritas's history
b) Administrative and other fixed costs average about 5% of the budget which is typical of Veritas' history
c) Instructional and student support costs average about 9% of the budget which is typical of Veritas's history
d) Facility and other related costs average about 14% which is higher than Veritas' five year historical percentage of 11% due to leasing the high school facility
5) The following budget lines will need to be monitored closely over the next few years by leadership:
a) Staffing growth plans over the next 4 years as the high school expands to serve grades 9-12
b) Instructional costs in the areas of high school curriculum development and early college costs as well as overall supply and material costs at both middle and high school. Currently early college costs are slightly above what is called for in the Parthenon Study which is good.

Follow up: We will come back to this scenario next month. We will extend the meeting time next month.

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 5:09 PM.

Respectfully Submitted,
D. Ford

Documents used during the meeting

- Financial Reports to Finance Committee 1.pdf
- 5yr Projections Scenario A-2 Summary.pdf
- 5yr Projections Scenario A-2 Cash Reserves.pdf
- 5yr Projections Scenario A-2 Details.pdf
- 5yr Projections Scenario B-2 Cash Reserves.pdf
- 5yr Projections Scenario B-2 Details.pdf
- 5yr Projections Scenario B-2 Summary.pdf