

APPROVED



## Pharos Academy Charter School

### Minutes

#### Pharos Academy Charter School Finance Committee Meeting

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##### **Date and Time**

Wednesday October 14, 2020 at 5:00 PM

##### **Location**

[781.448.4130](#) Participant PIN 45108

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##### **Committee Members Present**

M. Rousseau (remote), R. Granado (remote), T. Wethington (remote)

##### **Committee Members Absent**

J. Reyes, T. Brown

##### **Guests Present**

B. Elliott (remote), C. Russell (remote), Casey Muse (remote), M. Dorsey (remote)

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#### **I. Opening Items**

##### **A. Record Attendance**

##### **B. Call the Meeting to Order**

R. Granado called a meeting of the Finance Committee of Pharos Academy Charter School to order on Wednesday Oct 14, 2020 at 5:09 PM.

##### **C. Approve Minutes**

R. Granado made a motion to approve the minutes from Pharos Academy Charter School Board Meeting on 09-17-20.

T. Wethington seconded the motion.

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

## II. Finance

### A. Finance

Mary Beth Rousseau shared the monthly financials. The statement of financial figures and key metrics included assets of 6.8 million, total assets of 10 million. Liabilities of 3.1 million gives a 5.18 ratio - very low. Cash on hand with investments and expenses per day gives the school 240 days cash on hand. The debt service coverage ratio is at 6.14.

One number has changed for the enrollment - the approved budget was for 670. November's district billing included 659 students. The recommendation is to do a budget amendment. This is in progress with the school.

There is a budgetary surplus of \$721,000.

Robb inquired about the scholar enrollment difference; Mary Beth explained the bi-monthly billing invoice process.

There are two lines with a large variance - supplies and other expenses. This is due to PPE supplies running high (will be reimbursed with the CARES grant which is not on the current budget and will be an increase in revenue). Additionally there were subscriptions to curricular materials due to virtual learning.

The year to date budget versus actuals - the variances include the LHA fees and supplies and other expenses which was seen in the one month figures. This also shows up in the annual budget.

New signage at 42,000 and padding at 25,000, along with a retractable awning just shy of 30,000 will be approximately 93,000 with approximately 68,000 paid to date.

## III. Investment Accounts

### A. Investment Accounts

Brent Elliott walked the team through the investment accounts. The balances are at 2.9 million with 2.05 originally invested; return on investments since inception is 2%. Asset allocation is 18% in cash, 35% in short term and 45% in long term investments. The school is in compliance with Board policies.

## IV. Other Business

## **A. October Board Meeting Preparation**

SBAS provided an update regarding the school's audit. The deficit is at \$376,000. The team discussed recognition of the PPP revenue; the audit team does not foresee that being an issue but final thoughts will be shared on next Monday's call.

Robb asked SBAS to connect with the auditors prior to Monday's call to get their guidance for the amount of the deficit and recording this as a journal entry.

Robb inquired as to how the deficit grew so much since the September Finance call. Mary Beth shared this was due to the adjustment of the related entities; the prior auditor did not require this but it is according to GAAP, when you have a lease, regardless of what the lease payments are supposed to be the same amount should be recorded annually. If there is a slight overpayment or underpayment each year there is still a receivable or liability on the books between Intervale Avenue and the school in order to recognize the variance in the lease expense.

Additionally, the district billing reconciliation (billing for scholars enrolled) showed approximately \$48,000 in overpayment from the city to the school. These two items drove up the increase in the school's deficit.

Robb shared that he would like to ensure moving forward we have a process for anticipating variances in expenditures so that we can address potential deficits strategically moving forward.

Mary Beth shared that she provided the team with two files via email from the auditors. This includes the draft audit and the required communications letter. She referred the team to the "uncorrected misstatement". This began in 2018 and was related to supplemental funding. The school received a letter in July of 2017 and a distribution was received in April. The money that was received was recognized. The school did not receive any cash until the end of the year, until June. The information was entered and when Mary Beth was doing the audit, she pulled the information of the state's Grants Finance webpage. Mary Beth mistakenly recorded this in FY19 and it should have been recorded in FY20. The prior auditors never questioned her or corrected her. The money that arrived in September was for last year, as explained by the auditors. Mary Beth shared her understanding with the auditors. Essentially this statement in the auditor's report is reflected above; this is the difference of \$56,000.

Mary Beth shared that she filled out a first draft of the forgiveness application. With the drop of FTEs in staff there will likely be the full amount forgiven.

Casey Muse, Pharos CTO, led the team in a discussion about the 27 Promethean Active Displays. There are several quotes in the packet and there is a one-pager that details

information about pricing, vendors, etc. The quotes are provided based on state-negotiated pricing based on state so the pricing is specific to New York schools with CDW-G as the preferred retail partners. If we went outside of this vendor we would be subject to national pricing. Right now there is a buy two get one free promotion; if we went outside of this pricing we would be quoted at approximately \$35,000 more. There are two different panels on the quotes presented; there is only a \$5400 difference between the two models with the upgraded version being the recommended option at this time. The MSRP is \$4800+ per board plus soundbar (approximately \$5000); the DOE price is approximately \$3500. There is not space for this in the current budget; this would need to be included in the budget amendment.

## **V. 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 5:51 PM.

Respectfully Submitted,  
R. Granado