



MCCPS Board of Trustees

Monthly Board Meeting

Published on October 22, 2020 at 8:15 AM EDT

Date and Time

Tuesday October 27, 2020 at 7:00 PM EDT

Location

Topic: Oct Board Meeting

Time: Oct 27, 2020 07:00 PM Eastern Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/3898394128?pwd=QndLYk9jVjcyNEJ5dXZGRWhnMDhSUT09>

Meeting ID: 389 839 4128

Passcode: MCCPS

Agenda

	Purpose	Presenter	Time
I. Opening Items			7:00 PM
Opening Items			
A. Record Attendance and Guests		Karl Smith	
B. Call the Meeting to Order		Artie Sullivan	
C. Accept Remote Participation	Vote	Artie Sullivan	3 m
<p>In light of the ongoing COVID-19 coronavirus outbreak, Governor Baker issued an emergency Order on March 12, 2020, allowing public bodies greater flexibility in utilizing technology in the conduct of meetings under the Open Meeting Law. This committee makes a motion to accept this Executive Order for this meeting of the Board of Trustees, on October 27, 2020.</p>			
D. Approve Minutes	Approve Minutes	Karl Smith	2 m
II. Public Comment			7:05 PM
A. Public Comment	Discuss	Artie Sullivan	5 m
III. Review of Previous Meeting Action Items			7:10 PM
A. Review of Previous Meeting Action Items	Discuss	Artie Sullivan	

- Identify potential candidates for the Board – Goal is 3 new members for SY2020-2021. Areas that need representation on the board –
 - Alumni
 - Parents of families residing outside of Marblehead.

- Development
- Add communication with Marblehead Superintendent
- Charter amendment regarding enrollment - submitted to DESE for approval
- Board restricted funds
- Bylaws - submitted to DESE for approval

IV. Board Annual Items

- A. Upcoming Meeting Agenda Items** FYI Artie Sullivan
- Oct – Adoption of the Annual Audit (must be done by Oct 31), MCAS Presentation, Presentation on HOS Evaluation Process by the Personnel Committee
 - Nov –
 - Dec –
 - Jan – HOS Mid-year review
 - Feb - Adopt School Calander
 - March – Set up Satisfaction Survey, Set Annual Board Retreat Date, Presentation of HOS Annual Evaluation Form
 - April – Presentation by HOS of Annual Goals
 - May – HOS Annual Evaluation, Budget Adoption
 - June – Annual Board Retreat
 - July - Adopt Annual Report, by July 31, Adopt Annual Board Goals
 - August – Adopt HOS Goals, Open Annual Board Self Assessment
 - Sept – Review Annual Board Self Assessment, Approve Committee Memberships and Vice-Chairs

B. Board Goals for SY 2020-2021 Discuss Artie Sullivan

Goal-1 (Board Health & Sustainability)

- Continue to build and develop a strong and diverse board to ensure the long-term health and sustainability of MCCPS, through creative mentorship and training programs (in collaboration with governance committee). To include identification of 2-3 new board members SY 2020-2021.
 - Identify key roles and skills, Development, HR, Attorney, Construction
 - Identify key constituencies, Parents, Alumni

Goal-2 (Development)

1. Funding Streams
2. Grants & Fundraising
3. Board Responsibility

Goal 3 (Communication and Community Development)

- Strengthen the engagement with key stakeholders (e.g. Head of School, Parents, Students, Educators, PTO and Community) to support the growth and development of MCCPs role within the community and enhance the ongoing school initials and fundraising efforts. To include fostering a strong working relationship between the Board of Trustees and HOS to drive implementation of the 2019 strategic plan and ensure the long-term success of MCCPS

Goal 4 (Support given the "New Normal")

- To support MCCPS with the "New Normal" for fulfilling the MCCPS Charter

V. HOS Report **7:10 PM**

- A. Monthly Report** FYI Peter Cohen 20 m

VI. Other Business **7:30 PM**

- A. Presentation on HOS Evaluation Process by the Personnel Committee** Discuss Katie Sullivan 15 m
- B. Update of Disclosure of Conflict of Interest Notice** Vote Artie Sullivan 5 m
- C. Adoption of Annual Audit FY2019-2020** Vote Rodolphe Herve 20 m
- D. Board Restricted Fund** Discuss Artie Sullivan 5 m
- E. Approve Committee Membership for 2020-2021** Vote Artie Sullivan 15 m

VII. Committee Updates 8:30 PM

A. Governance Committee	Discuss	Karl Smith	5 m
B. Finance Committee	Discuss	Rudi Herve	10 m
C. Personnel Committee	Discuss	Artie Sullivan	
D. Academic Excellence	Discuss	Jessica Xiarhos	
E. Development	Discuss	Ellen Lodgen	5 m
F. Strategic Plan Committee	Discuss	Rebecca Whidden	
G. Communications, and Community Relations Committee	Discuss	Ian Hunt	5 m
H. Facilities Task Force	Discuss	Rebecca Whidden	5 m
I. Charter Renewal - On Hold until Charter Amendment Status Updates from DESE		Artie Sullivan	
J. By-Laws Task Force - On Hold until By-Laws Status Updates from DESE		Artie Sullivan	

VIII. Public Comment 9:00 PM

A. Public Comment	Discuss	Artie Sullivan	5 m
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IX. Board Member Comments and Resolutions 9:05 PM

A. Board Member Comments and Resolutions	Discuss	Artie Sullivan	3 m
This is an opportunity for Board Member Comments and Resolutions			

X. Closing Items 9:08 PM

A. Recap Action Items	Discuss	Karl Smith	2 m
Clerk to review actions items, add any additional items discussed.			
B. Meeting Evaluation	Discuss	Artie Sullivan	3 m
Discuss how meeting went, did we stay on topic, meet goals, etc.			
C. Adjourn Meeting	Vote	Artie Sullivan	

Cover Sheet

Monthly Report

Section: V. HOS Report
Item: A. Monthly Report
Purpose: FYI
Submitted by:
Related Material: HOS Report to Board of Trustees 10_27_20.pdf



HOS Report to the Board of Trustees

Submitted by Peter Cohen, Ed.D

Meeting Date: October 27, 2020

- Reopening Update
 - Phase Two - started Tuesday October 20
 - 118 students in school Tu/W
 - 126 students in school W/Th
 - Bandwidth issue has been a significant obstacle
 - Verizon engineer was here 9.22.2020 and scheduled to return 10/22
 - Our HVAC system puts us ahead of all other area schools

- Enrollment & Connections to Families
 - Enrollment for 2020-2021 is 211 students
 - See details below.

- Future Planning & Needed Expenditures
 - Facilities task force met on October 20
 - Teaching Force - up and running - Student Arena on 10/21 provided an opportunity for students to share feedback with teachers
 - Staffing Update - Patricia Rietti now full time

- DESE Updates
 - Most documents sent back for updates. In progress updates are underway

- Head of School Goal Update
 - Goal One: Leadership Retreat (Cohen, Cronin, Barlow) scheduled for November 11 to make progress toward this goal.
 - Goal Two: Academic Excellence Committee continuing to meet. Focus of the faculty has been on Hybrid teaching & learning. Needs to now shift toward the work of using the Criteria for Excellence document.
 - Goal Three: New Website ready to go live this week
 - Goal Four: Teaching Force work is up and running

Enrollment Update as of 10.20.2020

4th Grade - projection: 51 Accepted/Enrolled: 51 Waiting List: 17 Salem Waiting List: 9	5th Grade - projection: 51 Accepted/Enrolled: 51 Waiting List: 0 Salem Waiting List: 0	6th Grade - projection 54 Accepted/Enrolled: 53 Offers out: 1 Waiting List: 21 Salem Waiting List: 8
7th Grade - projection 31 Accepted/Enrolled: 31 Waiting List: 0 Salem Waiting List: 0	8th Grade - projection 25 Accepted/Enrolled: 25 Offers out: 1 Waiting List: 0 Salem Waiting List: 0	Projected total: 213 Accepted/Enrolled: 211

Cover Sheet

Presentation on HOS Evaluation Process by the Personnel Committee

Section: VI. Other Business
Item: A. Presentation on HOS Evaluation Process by the Personnel Committee
Purpose: Discuss
Submitted by:
Related Material: HOS Evaluation Training20-21.pptx



HEAD OF SCHOOL EVALUATION

MCCPS Board of Trustees Training
October 27, 2020

Overview

- Timeline and steps in the process
- Evidence that will be used
- Mid-cycle Progress Report
- End of Cycle Summative Report Rubric
- Performance Standards and Indicators

Timeline

October-November

- HOS Evaluation Training
- Board members thoroughly read and understand HOS Evaluation Policy and Procedures and review HOS Evaluation documents

Ongoing

- HOS presents monthly reports and progress toward goals at Board meetings
- BoT members read newsletters, email communications, social media posts and attend committee meetings, exhibitions, concerts, plays, sporting events, etc. when scheduled.

January

- HOS presents Mid-Cycle Progress
- Board members complete Mid-cycle Progress Report

February-April

- Board members continue to collect and synthesize evidence
- Val-Ed and Board on Track surveys completed by BoT members & stakeholders
- Community Satisfaction surveys completed

March

- Board Training on HOS Evaluation-Part 2

May

- Board members complete individual End-of-cycle Summative Evaluation Report
- Board Chair and Vice-chair compile individual ratings and drafts summation
- Board reviews draft, discusses revisions, and adopts report at public meeting
- Report is placed in personnel file and used to inform HOS goals for following year
- Presentation by June 1st

Evidence

- Monthly HOS Reports
- Mid-cycle Progress Report and comments
- Val-Ed, Board on Track, and Community Satisfaction survey results
- End-of-cycle Progress Report presentation by HOS (which will include summary results from the HOS Parent and Teacher Satisfaction Surveys)
- **Other relevant evidence** gathered by Board member which should include frequent attendance at school functions, Committee work experiences, etc.

The HOS will present his progress toward his four goals at the January Board meeting. Board members will individually complete a Mid-cycle Review Progress Report.

Name: _____ Date: _____

Head of School Mid-cycle Review

Goals should be SMART and include at least one goal for each category: professional practice, student learning, and school improvement.
Check one box for each goal.

Goal(s)	Description	Not Started	Off Target	On Target
Professional Practice				
	<p>Goal 1: Leadership & Administrative Team Development* Throughout FY21 (July 2020-June 2021) the Leadership and Admin Teams will work collaboratively to ensure that all leadership and administrative tasks are executed effectively and efficiently. Key Actions : 1. By October 19, establish systems for effective teamwork. This will include: (a) Regular meeting schedule for both teams, (b) Meeting protocols that include advanced agenda input and sharing, (c) Established norms for meetings 2. By October 19, roles and responsibilities will be more clearly defined, including job descriptions that will be drafted and revised throughout the school year. 3. Develop systems for internal communications including a flow chart for the faculty & staff to know the first point of contact for any issue.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments				

Student Improvement				
	<p>Goal 2: Define Criteria for Excellence & Measures of Learning By early fall, the Criteria for Excellence document will be drafted with input from each department. This work will be facilitated by the Academic Excellence Committee and the Principal with oversight by the Head of School.</p> <p>Key Actions :</p> <ol style="list-style-type: none"> 1. Throughout the school year, there will be coordination of the work of the Academic Excellence Committee with the instructional leaders in the school 2. Next steps will include the development of rubrics/assessments aligned with the Criteria for Excellence document. 3. Throughout the late summer we will train faculty, staff, parents, and students on the utilization of new technology platforms that will strengthen our remote learning instruction and lead to effective student portfolios, and student-led conferences. 4. By January 1, we will have an updated design plan for Exhibitions of student learning. 	□	□	□
Comments				

School Improvement				
	<p>Goal 3: Communications & Marketing During FY21 the school website will be redesigned and a new logo/branding will be completed. Additionally, as part of the recruitment process, mailings will go out to families across the sending districts in the area in advance of events such as open houses and the enrollment lottery. A robust social media presence will be in place.</p> <p>Key Actions :</p> <ol style="list-style-type: none"> 1. During the month of August, our internal communications team will work with a consultant to both rebrand (new logo) and upgrade our website that will become the hub of information it is intended to be for parents and interested community members. 2. By January 1 we will work with other marketing consultants to create and distribute marketing materials including postcards and flyers to potential families in an effort to strengthen our recruitment efforts. 3. By the end of May 2021 we will have a strategic plan for the use of social media in our school as a medium to promote and celebrate what we do at MCCPS 	□	□	□
Comments				

Professional Practice				
	<p>Goal 4: Effective Instructional Professional Development for Teachers - a multi-year goal</p> <p>The Head of School and the Principal will work with consultants with experience in the Dutch system of "Leerkracht" (Teaching Force). This work will ground our efforts to improve teaching and learning by providing teachers with a system for giving and receiving feedback on lesson planning and implementation.</p> <p>Key Actions:</p> <ol style="list-style-type: none"> 1. Year One: Introduce, train, and initiate the Teaching Force protocols with a select group of teachers and teacher-leaders. This work will include the development of a schedule that prioritizes time for teachers to work collaboratively in support of one another for lesson design and eventually peer observations. 2. Year One: During the time of COVID-19 we will focus our attention on developing and training every teacher on effective delivery of instruction in a remote setting so that we can be fully prepared for effective teaching & learning in either a remote or in-person learning environment. 3. Year Two: Once we are fully back to in-person learning for all, we will develop a formal system for teachers to receive regular feedback from supervisors leading to both formative and summative evaluations. 4. Year Three: The integration of the peer feedback system (Teaching Force) and the more formal, evaluative feedback will be meshed together to create our fully realized system for providing educators with the information they need to continuously improve. 	□	□	□
<p>Comments</p>				

Summative Report

In June, after surveys are completed and all evidence has been gathered, each Board member individually fills out this End of Cycle “report card” on the HOS. Pages 3-6 are completed first followed by page 1-2.

End-of-Cycle Summative Evaluation Report: Head of School

End-of-Cycle Summative Evaluation Report: Head of School

Head of School: _____

Evaluator: _____

Name	Signature	Date

Step 1: Assess Progress Toward Goals (Complete page 3 first; circle one for each set of goal[s].)

Professional Practice Goal(s)	Did Not Meet	Some Progress	Significant Progress	Met	Exceeded
Student Learning Goal(s)	Did Not Meet	Some Progress	Significant Progress	Met	Exceeded
School Improvement Goal(s)	Did Not Meet	Some Progress	Significant Progress	Met	Exceeded

Step 2: Assess Performance on Standards (Complete pages 4–7 first; then check one box for each standard.)

	Unsatisfactory	Needs Improvement	Proficient	Exemplary
Standard I: Instructional Leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard II: Management and Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard III: Family and Community Engagement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Standard IV: Professional Culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Unsatisfactory = Performance on a standard or overall has not significantly improved following a rating of Needs Improvement, or performance is consistently below the requirements of a standard or overall and is considered inadequate, or both.

Needs Improvement/Developing = Performance on a standard or overall is below the requirements of a standard or overall but is not considered to be Unsatisfactory at the time. Improvement is necessary and expected. For new Heads of School, performance is on track to achieve proficiency within three years.

Proficient = Proficient practice is understood to be fully satisfactory. This is the rigorous expected level of performance.

Exemplary = A rating of Exemplary indicates that practice significantly exceeds Proficient and could serve as a model of practice regionally or statewide.

Performance Standards & Indicators

Each Board member will assess the HOS on 4 Standards of Effective Head of School Leadership.

Each of the four Standards has between 4-6 Indicators, most of which correlate to a HOS goal. Those that do not directly tie to a goal will either be greyed out or have other evidence provided.

Head of School Performance Rating for Standard I: Instructional Leadership

	Unsatisfactory	Needs Improvement	Proficient	Exemplary
<i>Check one box for each indicator and circle the overall standard rating.</i>				
I-A. Curriculum: Ensures that all instructional staff design effective and rigorous standards-based units of instruction consisting of well-structured lessons with measureable outcomes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I-B. Instruction: Ensures that practices in all settings reflect high expectations regarding content and quality of effort and work, engage all students, and are personalized to accommodate diverse learning styles, needs, interests, and levels of readiness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I-C. Assessment: Ensures that all Heads of School and administrators facilitate practices that propel personnel to use a variety of formal and informal methods and assessments to measure student learning, growth, and understanding and make necessary adjustments to their practice when students are not learning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I-D. Evaluation: Ensures effective and timely supervision and evaluation of all staff in alignment with state regulations and contract provisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I-E. Data-Informed Decision Making: Uses multiple sources of evidence related to student learning—including state and school assessment results and growth data—to inform school goals and improve organizational performance, educator effectiveness, and student learning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Overall Rating for Standard I <i>(Circle one.)</i>	The education leader promotes the learning and growth of all students and the success of all staff by cultivating a shared vision that makes powerful teaching and learning the central focus of schooling.
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Unsatisfactory

Needs Improvement

Proficient

Exemplary

<p>Comments and analysis (required for all ratings):</p>

QUESTIONS?

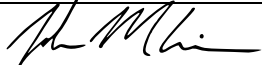
Cover Sheet

Update of Disclosure of Conflict of Interest Notice

Section: VI. Other Business
Item: B. Update of Disclosure of Conflict of Interest Notice
Purpose: Vote
Submitted by:
Related Material: Cronin, DisclosureConflictofInterest2020.pdf

**DISCLOSURE OF APPEARANCE OF CONFLICT OF INTEREST
AS REQUIRED BY G. L. c. 268A, § 23(b)(3)**

PUBLIC EMPLOYEE INFORMATION	
Name of public employee:	Matt Cronin
Title or Position:	Principal
Agency/Department:	Marblehead Community Charter Public School
Agency address:	17 lime Street Marblehead, MA 01945
Office Phone:	781-631-0777
Office E-mail:	pcohen@marbleheadcharter.com
	<p>In my capacity as a state, county or municipal employee, I am expected to take certain actions in the performance of my official duties. Under the circumstances, a reasonable person could conclude that a person or organization could unduly enjoy my favor or improperly influence me when I perform my official duties, or that I am likely to act or fail to act as a result of kinship, rank, position or undue influence of a party or person.</p> <p>I am filing this disclosure to disclose the facts about this relationship or affiliation and to dispel the appearance of a conflict of interest.</p>
APPEARANCE OF FAVORITISM OR INFLUENCE	
Describe the issue that is coming before you for action or decision.	As part of my responsibilities, I supervise and evaluate some the faculty and staff at the Marblehead Community Charter Public School, including teachers. One of the teachers at Marblehead Community Charter Public School is my partner.
What responsibility do you have for taking action or making a decision?	While I supervise and evaluate some faculty and staff, I have not been in a position to supervise and evaluate my partner.
Explain your relationship or affiliation to the person or organization.	One of the teachers at Marblehead Community Charter Public School, Ms. Meghan Hale is my partner.
How do your official actions or decision matter to the person or organization?	One of the teachers at Marblehead Community Charter Public School, Ms. Meghan Hale is my partner.

<p>Optional: Additional facts – e.g., why there is a low risk of undue favoritism or improper influence.</p>	<p>Ms. Hale was hired for her position six years before we started our relationship. I was never in a position to hire, evaluate, supervise, or compensate Ms. Hale. She has always been and will continue to be evaluated by the Head of School. I have not and will not participate in any conversation regarding her job performance, retention, dismissal, or compensation.</p>
<p>If you cannot confirm this statement, you should recuse yourself.</p>	<p>WRITE AN X TO CONFIRM THE STATEMENT BELOW.</p> <p><input checked="" type="checkbox"/> Taking into account the facts that I have disclosed above, I feel that I can perform my official duties objectively and fairly.</p>
<p>Employee signature:</p>	
<p>Date:</p>	<p>10-19-2020</p>

Attach additional pages if necessary.

Not elected to your public position – file with your appointing authority.

Elected state or county employees – file with the State Ethics Commission.

Members of the General Court – file with the House or Senate clerk or the State Ethics Commission.

Elected municipal employee – file with the City Clerk or Town Clerk.

Elected regional school committee member – file with the clerk or secretary of the committee.

Form revised July, 2012

Cover Sheet

Adoption of Annual Audit FY2019-2020

Section: VI. Other Business
Item: C. Adoption of Annual Audit FY2019-2020
Purpose: Vote
Submitted by:
Related Material: Draft 10-21-2020.pdf
Finance Committee Presentation.pdf

Draft For Discussion

**Marblehead Community Charter Public School
and
Marblehead Charter Education Fund, Inc.**

Combined Financial Statements and
Independent Auditors' Report in Accordance with
Government Auditing Standards

June 30, 2020

Marblehead Community Charter Public School**Marblehead Charter Education Fund, Inc.**

June 30, 2020

Draft For Discussion*Table of Contents*

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Draft For Discussion

*Independent Auditors' Report*

The Board of Trustees
**Marblehead Community Charter Public School and
 Marblehead Charter Education Fund, Inc.**

Report on the Combined Financial Statements

We have audited the accompanying combined statement of net position of Marblehead Community Charter Public School (a governmental entity) and Marblehead Charter Education Fund, Inc. (a nonprofit organization) (collectively, the Organization) as of and for the year ended June 30, 2020, and the related combined statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the combined financial statements, which collectively comprise the Organization's combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Draft For Discussion

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization, as of June 30, 2020, and the respective changes in its combined financial position and combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Report on Summarized Comparative Information***

We have previously audited the Organization's fiscal year 2019 combined financial statements, and our report dated October 22, 2019, expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

October 27, 2020

Marblehead Community Charter Public School

Management's Discussion and Analysis

June 30, 2020 (Unaudited)

Draft For Discussion

The following management discussion and analysis of Marblehead Community Charter Public School's (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2020, with comparative totals for fiscal year 2019. Please read this in conjunction with the School's combined financial statements and the related notes, which begin on page 8.

The School as a Whole

The School received their initial charter in June 1994 to operate as a public charter school in the Commonwealth of Massachusetts. The charter is awarded in five-year increments and is subject to renewal by the Commonwealth of Massachusetts Department Elementary and Secondary Education (DESE). The School's charter was renewed during fiscal year 2020 and is effective for the five year period ending June 30, 2025. The charter renewal includes one condition, for which the School must comply. During fiscal years 2020 and 2019, the School operated grades four through eight and the enrollment was comprised of approximately 208 and 228 students, respectively, for each fiscal year. The School's maximum enrollment approved by the DESE is 230 students.

The School's mission is: *to foster a community that empowers children to become capable, self-determining, fully engaged individuals who are critical and creative thinkers committed to achieving their highest intellectual, artistic, social, emotional, and physical potential. The School is dedicated to involving learning from, participating in, and serving our school community and the community at large.*

Financial Reporting Entity

As required by generally accepted accounting principles, and in conformance with the *Government Accounting Standards Board (GASB) Statements No. 14, The Financial Reporting Entity* and *GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and subsequently amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* and *GASB No. 80, Blending Requirements for Certain Component Units*, the School evaluated its potential component unit and determined that Marblehead Charter Education Fund, Inc. (Fund) was a component unit of the School and should be presented as a blended component unit in the combined financial statements. The School and its blended component unit, the Fund, are referred to collectively as the Organization.

Using this Annual Report

This annual report consists of a series of combined financial statements. In accordance with *GASB Statement No. 34 - Basic Financial Statement – Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34), the Organization is considered a special purpose government entity that engages in only business type activities. All of the financial activity of the Organization is recorded in an enterprise fund within the proprietary fund group, in accordance with *GASB No. 34* and *GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Organization issues a *Combined Statement of Net Position*, a *Combined Statement of Revenues, Expenses and Changes in Net Position* and a *Combined Statement of Cash Flows*. These statements provide information about the financial activities of the Organization, as a whole. This annual report also contains notes to the combined financial statements and other information which provides additional information that is essential to a full understanding of the information provided in the combined financial statements.

Marblehead Community Charter Public School
Management's Discussion and Analysis *Continued*
June 30, 2020 (Unaudited)

Draft For Discussion

Financial Statements

The *Combined Statement of Net Position* presents the assets, liabilities and net position of the Organization as a whole, as of the end of the fiscal year and is a point-in-time financial statement. The purpose of the *Combined Statement of Net Position* is to present a fiscal snapshot of the Organization to the readers of the financial statements. Assets are resources with present service capacity that the Organization presently controls. Liabilities are present obligations to sacrifice resources that the Organization has little or no discretion to avoid. Net position represents the difference between all other elements in a statement of net position and is displayed in three components - *net investment in capital assets*; *restricted* (distinguishing between major categories of restrictions); and *unrestricted*.

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The *unrestricted* component of net position is the net amount of the assets and liabilities that are not included in the determination of *net investment in capital assets* or the *restricted* component of net position.

Over time, readers of the combined financial statements will be able to evaluate the Organization's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the Organization's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the Organization. This statement is also a good source for readers to determine how much the Organization owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The *Combined Statement of Revenues, Expenses and Changes in Net Position* reports the financial (revenue and expenses) activities of the Organization and divides it into two categories: *Operating activities* and *Non-operating activities*. Operating activities include all financial activities associated with the operation of the Organization and its related programs. Consequently, all non-operating activities include all financial activities not related to the operation of a charter school. Changes in total net position as presented on the *Combined Statement of Revenues, Expenses and Changes in Net Position* are based on the activity presented in this statement. This statement helps to determine whether the Organization had sufficient revenues to cover expenses during the fiscal year and its net increase or net decrease in net position based on current year operations.

Marblehead Community Charter Public School
 Management's Discussion and Analysis *Continued*
 June 30, 2020 (Unaudited)

Draft For Discussion

Financial Statements – Continued

The *Combined Statement of Cash Flows* provides information about the Organization's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from *operations, investing, and capital and noncapital financing activities* and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?" This statement also is an important tool in helping users assess the Organization's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Notes to the Combined Financial Statements provide additional information that is essential to a full understanding of the information provided in the Organization's combined financial statements.

Financial Highlights

The following financial highlights are for the fiscal year ended June 30, 2020 and will provide comparative information for fiscal year 2019:

- The School held total assets of \$4,304,634 and \$4,278,379 at June 30, 2020 and 2019, respectively, of which \$3,734,238 and \$3,828,905, respectively were capital assets, net and the majority of the remaining assets consisted of cash. The increase in total assets was due to the increase in cash generated from operations.
- The School had total liabilities of \$3,957,127 and \$4,001,533 at June 30, 2020 and 2019, respectively. At June 30, 2020, \$341,352 was current and \$3,615,775 was noncurrent. At June 30, 2019, \$284,019 was current and \$3,717,514 was noncurrent. The decrease in total liabilities was mainly due to the payment of mortgage principal.
- Total net position for the School was \$347,507 and \$276,864 at June 30, 2020 and 2019, respectively, of which \$332,513 and \$265,855, respectively was unrestricted. In addition, for the years ended June 30, 2020 and 2019, the School had \$14,994 and \$10,991, respectively, in net position, which was related to net investments in capital assets. The increase in the net position is due to the current year surplus.
- The School earned total revenues of \$3,332,363 and \$3,576,718, excluding on-behalf fringe benefits, for the years ended June 30, 2020 and 2019, respectively of which 98%, were operating revenues and approximately 2%, were non-operating revenues (private grants, contributions, etc.) for both fiscal years ended June 30, 2020 and 2019. The decrease in revenue is due to the decrease in per pupil tuition, due to a lower enrollment in fiscal year 2020 and a decrease in food service and student activities revenue resulting from the transition to a remote learning environment in response to the COVID-19 pandemic.

Marblehead Community Charter Public School
 Management's Discussion and Analysis *Continued*
 June 30, 2020 (Unaudited)

Draft For Discussion

Financial Highlights - *Continued*

- The School had total expenses of \$3,261,702 and \$3,630,875, excluding on-behalf fringe benefits, for the years ended June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, total expenses include operating expenses of \$3,767,340 and \$4,039,276, excluding on-behalf fringe benefits, respectively, and non-operating expenses of \$141,796 and \$137,015, respectively. The decrease is mainly due to a decrease in salary resulting from a decreased enrollment and a decrease in professional services during fiscal year 2020.
- The School had an increase in net position of \$70,661 and a decrease in net position of \$54,157 for the years ended June 30, 2020 and 2019 respectively. In fiscal year 2020, the change in net position was comprised of operating income of \$142,183 and a non-operating loss of \$71,522. In fiscal year 2019, the change in net position was comprised of an operating income of \$11,883 and a non-operating loss of \$66,040.

Budgetary Highlights

Fiscal year 2020 allowed the School to move past the prior fiscal year operating loss, but fiscal year 2020 was not without its own challenges. During the first quarter of fiscal year 2020, the budget was revised due to an unanticipated reduction in student enrollment. This was accomplished through the combined efforts of School administration, the Finance Committee and the Board of Trustees. The School's practice of conservative budgeting and monthly Finance Committee meetings allowed the School to make the necessary adjustments while minimizing the impact on classroom-level spending. The School came in under budget for the fiscal year.

The School budgeted tuition for fiscal year 2021 based on a more realistic projection of student enrollment (210) while utilizing the 2020 per pupil rates as recommended by the DESE.

The Board of Trustees issued the School's new Strategic Plan, which provides a road map for the next charter term. It is anticipated that the school will establish a Capital Campaign during fiscal year 2021.

School's Financial Activities

The majority of the School's funding was received from DESE and is based on a standard per pupil rate. The School received \$3,025,960 in per pupil funding in fiscal year 2020 compared to \$3,195,223 in per pupil funding in fiscal year 2019. This represent approximately 91% and 89% of the School's revenue for the fiscal years ended June 30, 2020 and 2019, respectively. In addition, the School received various government grants, which totaled \$74,237 and \$60,434 for fiscal years 2020 and 2019, respectively.

Marblehead Community Charter Public School
Management's Discussion and Analysis *Continued*
June 30, 2020 (Unaudited)

Draft For Discussion

Current Known Facts, Decisions and Conditions

COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. As a result, the School transitioned into a remote working and learning environment for the remainder of fiscal year 2020. The School anticipates remaining, at least partially, in the remote working and learning environment for the start of the 2020-2021 school year. The extent to which COVID-19 may impact the School's activities will depend upon future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain the virus.

Contacting the School's Financial Management

This financial report is designed to provide the reader with a general overview of the Organization's finances and to show the accountability for the funds received. If you have questions about this report or need additional financial information, contact the Business Office of Marblehead Community Charter Public School.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Combined Statement of Net Position
With Combining Information as of June 30, 2020
With Summarized Comparative Totals as of June 30, 2019

Draft For Discussion

	<i>Marblehead Community Charter Public School</i>	<i>Marblehead Charter Education Fund, Inc.</i>	<i>Memorandum Only Total Primary Government June 30, 2020</i>	<i>Memorandum Only Summarized Comparative June 30, 2019</i>
Assets				
Current Assets:				
Cash	\$ 535,236	\$ 4,708	\$ 539,944	\$ 156,606
Tuition and accounts receivable	35,160	50	35,210	281,691
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,594</u>
Total current assets	<u>570,396</u>	<u>4,758</u>	<u>575,154</u>	<u>457,891</u>
Noncurrent Assets:				
Capital assets, net	<u>3,734,238</u>	<u>-</u>	<u>3,734,238</u>	<u>3,828,905</u>
Total noncurrent assets	<u>3,734,238</u>	<u>-</u>	<u>3,734,238</u>	<u>3,828,905</u>
Total assets	<u>\$ 4,304,634</u>	<u>\$ 4,758</u>	<u>\$ 4,309,392</u>	<u>\$ 4,286,796</u>
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	\$ 9,943	\$ -	\$ 9,943	\$ -
Accrued expenses	81,691	-	81,691	62,298
Accrued payroll	146,249	-	146,249	121,321
Note payable - current	<u>103,469</u>	<u>-</u>	<u>103,469</u>	<u>100,400</u>
Total current liabilities	<u>341,352</u>	<u>-</u>	<u>341,352</u>	<u>284,019</u>
Noncurrent Liabilities:				
Note payable	<u>3,615,775</u>	<u>-</u>	<u>3,615,775</u>	<u>3,717,514</u>
Total noncurrent liabilities	<u>3,615,775</u>	<u>-</u>	<u>3,615,775</u>	<u>3,717,514</u>
Total liabilities	<u>3,957,127</u>	<u>-</u>	<u>3,957,127</u>	<u>4,001,533</u>
Net Position:				
Net investment in capital assets	14,994	-	14,994	10,991
Unrestricted	<u>332,513</u>	<u>4,758</u>	<u>337,271</u>	<u>274,272</u>
Total net position	<u>347,507</u>	<u>4,758</u>	<u>352,265</u>	<u>285,263</u>
Total liabilities and net position	<u>\$ 4,304,634</u>	<u>\$ 4,758</u>	<u>\$ 4,309,392</u>	<u>\$ 4,286,796</u>

See accompanying notes to combined financial statements.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Combined Statement of Revenues, Expenses, and Changes in Net Position
With Combining Information For the Year Ending June 30, 2020
With Summarized Comparative Totals For the Year Ending June 30, 2019

	<i>Marblehead Community Charter Public School</i>	<i>Marblehead Charter Education Fund, Inc.</i>	<i>Memorandum Only Total Primary Government June 30, 2020</i>	<i>Memorandum Only Summarized Comparative June 30, 2019</i>
Operating revenues:				
Tuition	\$ 3,025,960	\$ -	\$ 3,025,960	\$ 3,195,223
Federal grants	74,237	-	74,237	60,434
Food service	71,517	-	71,517	105,089
Other revenues	58,452	164	58,616	81,143
Student activities	31,923	-	31,923	63,854
On-behalf fringe benefits	647,434	-	647,434	545,416
Total operating revenues	<u>3,909,523</u>	<u>164</u>	<u>3,909,687</u>	<u>4,051,159</u>
Operating expenses:				
Salaries	2,172,038	-	2,172,038	2,272,814
Payroll taxes	100,173	-	100,173	102,137
Fringe benefits	378,664	-	378,664	379,113
Occupancy	49,217	-	49,217	55,776
Professional services	31,974	-	31,974	126,176
Insurance	28,717	-	28,717	28,060
Student supplies and materials	103,072	-	103,072	118,610
Student activities	22,034	-	22,034	60,922
Office	26,877	-	26,877	33,089
Food service	44,439	-	44,439	64,179
Training and development	14,904	-	14,904	20,011
Repairs and maintenance	50,479	-	50,479	83,582
On-behalf fringe benefits	647,434	-	647,434	545,416
Depreciation	94,667	-	94,667	94,668
Contracted services	-	1,943	1,943	52,632
Miscellaneous	2,651	45	2,696	2,168
Total operating expenses	<u>3,767,340</u>	<u>1,988</u>	<u>3,769,328</u>	<u>4,039,353</u>
Operating income	<u>142,183</u>	<u>(1,824)</u>	<u>140,359</u>	<u>11,806</u>
Nonoperating revenues/(expenses):				
Rental income	20,172	-	20,172	17,891
Contributions	1,585	16,265	17,850	20,803
Interest income	112	11	123	103
Fundraising income	20,405	10,717	31,122	40,056
Fundraising expense	-	(828)	(828)	(1,332)
Contributions from Fund/(to School)	28,000	(28,000)	-	-
Other expense	(16,036)	-	(16,036)	(7,938)
Interest expense	(125,760)	-	(125,760)	(129,077)
Total net nonoperating expenses	<u>(71,522)</u>	<u>(1,835)</u>	<u>(73,357)</u>	<u>(59,494)</u>
Change in net position	<u>70,661</u>	<u>(3,659)</u>	<u>67,002</u>	<u>(47,688)</u>
Net position, beginning of the year	<u>276,846</u>	<u>8,417</u>	<u>285,263</u>	<u>332,951</u>
Net position, end of the year	<u>\$ 347,507</u>	<u>\$ 4,758</u>	<u>\$ 352,265</u>	<u>\$ 285,263</u>

See accompanying notes to combined financial statements.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Combined Statement of Cash Flows Draft For Discussion
With Combining Information For the Year Ended June 30, 2020
With Summarized Comparative Totals For the Year Ended June 30, 2019

	<i>Marblehead Community Charter Public School</i>	<i>Marblehead Charter Educational Fund, Inc.</i>	<i>Memorandum Only Total Primary Government June 30, 2020</i>	<i>Memorandum Only Summarized Comparative June 30, 2019</i>
Cash flows from operating activities:				
Receipts from tuition	\$ 3,305,362	\$ -	\$ 3,305,362	\$ 2,915,821
Receipts from governmental grants	39,077	-	39,077	60,434
Receipts from food service program	73,756	-	73,756	102,850
Receipts from other	90,375	164	90,539	148,050
Payments to employees	(2,585,234)	-	(2,585,234)	(2,774,488)
Payments to suppliers and vendors	(366,147)	(1,988)	(368,135)	(656,538)
Net cash provided by/(used in) operating activities	<u>557,189</u>	<u>(1,824)</u>	<u>555,365</u>	<u>(203,871)</u>
Cash flows from investing activities:				
Interest income	<u>112</u>	<u>11</u>	<u>123</u>	<u>103</u>
Net cash provided by investing activities	<u>112</u>	<u>11</u>	<u>123</u>	<u>103</u>
Cash flows from non capital financing activities:				
Non-operating receipts	70,162	26,982	97,144	79,420
Non-operating disbursements	(16,036)	(28,828)	(44,864)	(9,270)
Net cash provided by financing activities	<u>54,126</u>	<u>(1,846)</u>	<u>52,280</u>	<u>70,150</u>
Cash flows from capital and financing activities:				
Payments of loan principal	(98,670)	-	(98,670)	(95,353)
Interest expense	(125,760)	-	(125,760)	(129,077)
Net cash used in capital and financing activities	<u>(224,430)</u>	<u>-</u>	<u>(224,430)</u>	<u>(224,430)</u>
Net increase/(decrease) in cash	386,997	(3,659)	383,338	(358,048)
Cash, beginning of year	<u>148,239</u>	<u>8,367</u>	<u>156,606</u>	<u>514,654</u>
Cash, end of year	<u>\$ 535,236</u>	<u>\$ 4,708</u>	<u>\$ 539,944</u>	<u>\$ 156,606</u>
Reconciliation of operating income to net cash (used in)/ provided by in operating activities:				
Operating income	\$ 142,183	\$ (1,824)	\$ 140,359	\$ 11,806
<i>Adjustments to reconcile total net operating income to net cash provided by/(used in) operating activities:</i>				
Depreciation	94,667	-	94,667	94,668
<i>Changes in operating assets and liabilities:</i>				
Grants and accounts receivable	246,481	-	246,481	(278,588)
Prepaid rent and prepaid expenses	19,594	-	19,594	(6,806)
Accounts payable	9,943	-	9,943	(169)
Accrued expenses	44,321	-	44,321	(24,782)
Net cash provided by/(used in) operating activities	<u>\$ 557,189</u>	<u>\$ (1,824)</u>	<u>\$ 555,365</u>	<u>\$ (203,871)</u>

See accompanying notes to combined financial statements.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements
June 30, 2020

Draft For Discussion

1. Nature of Organization

Marblehead Community Charter Public School (the School) was formed in 1994 after receiving its charter from the Commonwealth of Massachusetts under Chapter 71, Section 89 of the General Laws of Massachusetts. The School's charter is awarded in five year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts' Department of Elementary and Secondary Education (DESE). The School's charter was most recently renewed in fiscal year 2020 and expires on June 30, 2025. The charter renewal includes one condition for which the School must comply, see Note 12 for more information. DESE provided approximately 93% and 91% of the funding to the School for the years ended June 30, 2020 and 2019, respectively, through a per pupil reimbursement and Federal and Commonwealth of Massachusetts grants.

The School is located in Marblehead, Massachusetts and offers children primarily residing in Marblehead and Swampscott, in grades four through eight, a public supported academic education.

The School's mission is: *to foster a community that empowers children to become capable, self determining, fully engaged individuals who are critical and creative thinkers committed to achieving their highest intellectual, artistic, social, emotional, and physical potential. The School is dedicated to involving learning from, participating in, and serving our school community and the community at large.*

The combined financial statements consist of the following:

Primary Government

- Marblehead Community Charter Public School (the School) – operates as a middle school in Marblehead, Massachusetts and at capacity can serve 230 students in grades four through eight.
- Marblehead Charter Education Fund, Inc. (the Fund) – is a legally separate, tax-exempt organization that acts primarily as a fundraising organization to supplement the resources of the School. The Fund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Because these restricted resources can only be used by or for the benefit of the School, the Fund is considered a component unit of the School and is presented as a blended component unit.

The School and its blended component unit, the Fund, are collectively referred to as the Organization.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the Organization's significant accounting policies:

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements – *Continued*
June 30, 2020

Draft For Discussion

2. *Summary of Significant Accounting Policies – Continued*

Financial Reporting Entity

As required by generally accepted accounting principles, and in conformance with the *Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity* and *GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and subsequently amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, and *GASB No. 80, Blending Requirements for Certain Component Units* the School evaluated its potential component unit to determine the reporting entity.

The reporting entity consists of the School and its blended CU, the Fund. Component units are legally separate organizations for which the board is financially accountable for or other organizations whose nature and significant relationship with the School are such that exclusion would cause the combined financial statements to be misleading or incomplete. The School is financially accountable if it appoints a majority of the Fund's board members and (1) is able to impose its will on the Fund, or (2) there is a potential to provide specific financial benefit to or impose a burden on the School.

The Fund was evaluated and is included as a blended component unit. The blended component unit, although a legally separate entity, is in substance, part of the School's operations and therefore, the financial data is combined and reported within the financial data of the primary government.

The Fund is a non-profit organization that reports under Financial Accounting Standards Board (FASB) accounting standards, including *Accounting Standards Codification 958 (ASC 958), Financial Reporting for Non-Profit Organizations*. As such, certain revenue recognition criteria and financial presentation features are different from GASB's revenue recognition and financial presentation features. No modifications have been made to the Fund's financial information for those differences.

Complete financial statements for the Fund can be obtained from the School's Business Office.

Financial Statement Presentation

The School, in accordance with *GASB Statement No. 34 - Basic Financial Statement – and Management's Discussion and Analysis - for State and Local Governments*, is considered a special purpose governmental entity that engages in only business type activities and is not a component unit of another governmental entity. Therefore, all of the financial activity is recorded in the enterprise fund.

Basis of Accounting

The accrual basis of accounting is used for all governmental entities that operate as business type entities. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements *Continued*
June 30, 2020

Draft For Discussion

2. *Summary of Significant Accounting Policies – Continued*

Basis of Accounting - Continued

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the School has elected to apply the provisions of all relevant pronouncements of the FASB that do not conflict with or contradict GASB pronouncements.

Tax Status

The School was established under a charter granted by DESE and operates as a part of the Commonwealth of Massachusetts and is therefore, generally exempt from income taxes under Section 115 of the Internal Revenue Code.

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Fund is also exempt from Massachusetts income taxes, except for income taxes on unrelated business income, if any. For the years ended June 30, 2020 and 2019, the Fund had no unrelated business income.

The Fund evaluates its tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable federal or state authority. The Fund has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2020 returns and believes they are more-likely-than not to be sustained if examined by federal or state tax authorities. The Fund's returns are subject to examination by federal and state tax authorities for up to a three year period after the returns have been filed (2017 - 2019).

Cash and Cash Equivalents

For the purpose of the *Combined Statement of Net Position* and the *Combined Statement of Cash Flows*, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2020 and 2019, the Organization did not hold any cash equivalents.

Capital Assets

Capital assets are recorded at cost or at fair market value at the date of donation. Capital assets purchased with a cost or value greater than \$5,000 are capitalized. Depreciation is computed on the straight-line basis using estimated useful lives of 39 years for building, 3 years for computer hardware and software, 5 years for office equipment and office furniture, and 10 years for equipment.

Grants and Accounts Receivable

Grants and accounts receivables are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience. Receivables are written off when deemed uncollectible. At June 30, 2020 and 2019, no allowance for doubtful accounts had been recorded, as management considers all receivables to be fully collectible.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements – *Continued*
June 30, 2020

Draft For Discussion

2. *Summary of Significant Accounting Policies – Continued*

Operating Revenue and Expenses

Operating revenue and expenses generally result from providing educational and instructional services in connection with the Organization's principal ongoing operations. The principal operating revenues include tuition and Federal and Commonwealth of Massachusetts grants. Operating expenses include educational costs, administrative expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Classification of Net Position

The following are the net position classifications:

- Net Investment in Capital Assets – book value of capital assets net of any related debt
- Restricted – amounts that can be spent only for specific purposes because of externally imposed restrictions by grantors or contributors
- Unrestricted Net Position – portion of funds to support operations

The Organization applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Employees of the School are entitled to paid vacations and paid holidays, depending on the job classification, length of service, and other factors. Any unused absences not used by fiscal year end are not paid out and therefore the School does not accrue for these.

On-Behalf Payments

The School recognizes its proportional share of pension revenue and expense, as reported by Massachusetts Teachers' Retirement System (the MTRS), as on-behalf payments in the *Combined Statement of Revenues, Expenses, and Changes in Net Position*.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements – *Continued*
June 30, 2020

Draft For Discussion

2. Summary of Significant Accounting Policies – Continued

Summarized Comparative Information

The combined financial statements include certain prior-year summarized comparative information in total but not by individual reporting entity. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the fiscal year ended June 30, 2019, from which the summarized information was derived.

3. Deposits with Financial Institutions

The Organization maintained its cash accounts at two financial institutions. These balances at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit per financial institution. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institution minimizes such risk. In addition, one of the financial institutions is a Massachusetts Chartered Savings Bank that maintains additional insurance through the Depositors Insurance Fund, a private industry sponsored insurance company.

As required by GASB Statement No. 40, *Deposits and Investment Risk Disclosures*. The following represents a summary of deposits as of June 30, 2020 and 2019:

	<i>2020</i>	<i>2019</i>
Fully insured deposits	\$ 556,146	\$ 236,209
Uncollateralized	<u>2,599</u>	<u>299</u>
Total	<u>\$ 558,745</u>	<u>\$ 236,508</u>

4. Tuition and Accounts Receivable

Tuition and accounts receivable at June 30, 2020 and 2019 are as follows:

	<i>2020</i>	<i>2019</i>
Commonwealth of Massachusetts	\$ 35,160	281,641
Other	<u>50</u>	<u>50</u>
Total	<u>\$ 35,210</u>	<u>\$ 281,691</u>

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements - *Continued*
June 30, 2020

Draft For Discussion

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2020 and 2019 are as follows:

	<i>2020</i>	<i>2019</i>	
Payables to vendors	\$ 50,921	\$ 46,329	
Payroll and fringe	<u>186,962</u>	<u>137,290</u>	
Total	<u>\$ 237,883</u>	<u>\$ 183,619</u>	

6. Capital Assets

The following are the capital assets as of June 30, 2020 and 2019:

School

	<i>Balance July 1, 2019</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2020</i>
<i>Capital assets not being depreciated</i>				
Land	\$ 687,400	\$ -	\$ -	\$ 687,400
Total capital assets not being depreciated	<u>687,400</u>	<u>-</u>	<u>-</u>	<u>687,400</u>
<i>Capital assets being depreciated</i>				
Building	3,562,600	-	-	3,562,600
Building improvements	33,184	-	-	33,184
Equipment and computers	<u>66,648</u>	<u>-</u>	<u>-</u>	<u>66,648</u>
Total capital assets being depreciated	<u>3,662,432</u>	<u>-</u>	<u>-</u>	<u>3,662,432</u>
<i>Less accumulated depreciation</i>				
Building	441,519	91,349	-	532,868
Building improvements	12,761	3,318	-	16,079
Equipment and computers	<u>66,647</u>	<u>-</u>	<u>-</u>	<u>66,647</u>
Total accumulated depreciation	<u>520,927</u>	<u>94,667</u>	<u>-</u>	<u>615,594</u>
Capital assets, net	<u>\$ 3,828,905</u>	<u>\$ (94,667)</u>	<u>\$ -</u>	<u>\$ 3,734,238</u>
<i>Balance</i>				
	<i>July 1, 2018</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2019</i>
<i>Capital assets not being depreciated</i>				
Land	\$ 687,400	\$ -	\$ -	\$ 687,400
Total capital assets not being depreciated	<u>687,400</u>	<u>-</u>	<u>-</u>	<u>687,400</u>
<i>Capital assets being depreciated</i>				
Building	3,562,600	-	-	3,562,600
Building improvements	33,184	-	-	33,184
Equipment and computers	<u>86,648</u>	<u>-</u>	<u>(20,000)</u>	<u>66,648</u>
Total capital assets being depreciated	<u>3,682,432</u>	<u>-</u>	<u>(20,000)</u>	<u>3,662,432</u>
<i>Less accumulated depreciation</i>				
Building	350,170	91,349	-	441,519
Building improvements	9,442	3,319	-	12,761
Equipment and computers	<u>86,647</u>	<u>-</u>	<u>(20,000)</u>	<u>66,647</u>
Total accumulated depreciation	<u>446,259</u>	<u>94,668</u>	<u>(20,000)</u>	<u>520,927</u>
Capital assets, net	<u>\$ 3,923,573</u>	<u>\$ (94,668)</u>	<u>\$ -</u>	<u>\$ 3,828,905</u>

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements - *Continued*
June 30, 2020

Draft For Discussion

7. Mortgage Payable

The School entered into a \$4,250,000 mortgage agreement with a financial institution during fiscal year 2015 at a fixed interest rate of 3.29% through August 2024, then adjusted annually to the Federal Home Loan Bank of Boston advance rate plus .50% through August 2044.

The mortgage is secured by the property located on 17 Lime Street, Marblehead, Massachusetts and substantially all assets of the School. The mortgage is also guaranteed by the Fund. The mortgage agreement contains provisions that upon the occurrence and continuance of any Event of Default, the financial institution may declare the mortgage amount then outstanding to be due and payable immediately. The Organization is required to maintain a debt service coverage ratio of 1.00 measured annually and a maximum loan to value ratio of 80% measured periodically. The following summarizes the long term debt activity of the Organization for the year ended June 30, 2020 and 2019:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
June 30, 2020	<u>\$ 3,817,914</u>	<u>\$ -</u>	<u>\$ 98,670</u>	<u>\$ 3,719,244</u>	<u>\$ 103,469</u>
June 30, 2019	<u>\$ 3,913,267</u>	<u>\$ -</u>	<u>\$ 95,353</u>	<u>\$ 3,817,914</u>	<u>\$ 100,400</u>

Interest expense was \$125,760 and \$129,077 for the years ended June 30, 2020 and 2019, respectively.

Aggregate maturities of the long-term debt for the term of the loan are as follows:

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 103,469	\$ 120,677	\$ 224,146
2022	106,925	117,212	224,137
2023	110,497	113,630	224,127
2024	114,187	109,930	224,117
2025	118,325	106,105	224,430
2026-2030	653,613	468,537	1,122,150
2031-2035	770,307	351,843	1,122,150
2036-2040	907,837	214,313	1,122,150
2041-2045	<u>834,084</u>	<u>56,071</u>	<u>890,155</u>
Total	<u>\$ 3,719,244</u>	<u>\$ 1,658,318</u>	<u>\$ 5,377,562</u>

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements *Continued*
June 30, 2020

Draft For Discussion

8. Line of Credit

The School has a \$300,000 line of credit with a financial institution expiring on December 31, 2020. Advances on this line of credit are payable on demand and carried an interest rate of 1% over the prime rate, which was 3.75% and 6% at June 30, 2020 and 2019, respectively. The line of credit is collateralized by a security interest in substantially all business assets of the School and is guaranteed by the Fund. The outstanding balance on the line of credit for both years ended June 30, 2020 and 2019 was \$0. Interest paid during fiscal years 2020 and 2019 was \$0.

9. Operating Lease Commitments

The School leased certain office equipment under non-cancelable operating leases that expire between March 2019 and March 2022.

Rent expense on the leases was \$13,719 and \$14,925 during the years ended June 30, 2020 and 2019, respectively. The following represents minimum lease payments for the remaining term of the leases:

<i>Fiscal Year</i>	<i>Amount</i>
2021	\$13,437
2022	\$ 8,149

10. Retirement Plan

Massachusetts Teachers Retirement System

The Commonwealth of Massachusetts provides for retirement benefits to the School's eligible teachers through the Massachusetts Teachers' Retirement System (the MTRS), a contributory retirement system administered by the Massachusetts Teachers' Retirement Board. The MTRS is governed by Massachusetts General Laws (M.G.L.), Chapter 32, as well as regulations contained in the Code of Massachusetts Regulations (CMR). Oversight is provided by a seven member board. The MTRS issues a publicly available annual report that includes financial statements and required supplementary information, which may be obtained by writing to Public Employee Retirement Administration Commission (PERAC), 5 Middlesex Avenue, Suite 304, Somerville, Massachusetts, 02145.

This retirement plan requires an employee contribution of five, seven, eight, or eleven percent (depending on the plan and the employment date) of the employee's compensation. The School is not assessed under this plan. This retirement system is a contributory defined benefit plan covering all the employees deemed eligible. Members of the plan become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 55 and upon attaining 20 years of service.

The plan also provides for retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was first employed by the School after January 1, 1978, (3) voluntarily left School employment on or after that date, and (4) left an accumulated annuity deduction in the fund.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements *Continued*
June 30, 2020

Draft For Discussion

10. Retirement Plan – Continued

The MTRS retirement plan, under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is required by statute to determine the net pension liability for all participants. The net pension liability for the retirement plan at the June 30, 2019 measurement date was determined by an actuarial valuation prepared as of January 1, 2019 rolled forward to June 30, 2019. At June 30, 2020 and 2019, the School's share of MTRS net pension liability was \$5,338,900 and \$5,382,282, respectively.

11. On-Behalf Payments

In accordance with *GASB Statement 68, Accounting and Financial Reporting for Pensions*, the School is required to recognize its proportional share of pension revenue and expenses, as reported by MTRS, as on-behalf payments in their combined financial statements. As of June 30, 2020 and 2019, the School recognized \$647,434 and \$545,416, respectively of on-behalf revenues and expenses.

12. Contingencies

Conditional Charter Renewal

During fiscal year 2020, the School's charter was renewed with one condition. The condition is as follows:

By August 1, 2020, the School must submit for DESE approval a plan that ensures that enrollment from outside of Marblehead does not exceed 20 percent of the School's total population by June 30, 2025, and a corresponding charter amendment request for the School's maximum enrollment, enrollment policy, and any other relevant material terms. Alternatively, the School may submit an amendment request that reflects the School's actual enrollment pattern.

Subsequent to year end, the School submitted a charter amendment to address the condition above, however as of the date of the issuance of the combined financial statements, the amendment had not been approved by DESE.

Grant Funding

The School is subject to audit of its Federal and State grants and contracts and as such, if determined that funds are not expended in accordance with the grant and contract agreements, the grantor agency has the right to recapture these funds. As of the date of these statements, the materiality of adjustments to final costs, if any, cannot be determined and therefore no adjustment has been recorded in the accompanying combined financial statements.

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements - *Continued*
June 30, 2020

Draft For Discussion

12. Contingencies – Continued

Cumulative Surplus Revenue

Effective July 1, 2010, any cumulative surplus revenue generated by the School must comply with M.G.L. c. 71, §89 (as amended by Chapter 12 of the Acts of 2010 under §7 (hh)). In accordance with this legislation and subsequent DESE regulations, if the School's cumulative surplus revenue, as defined, exceeds 20% of its operating budget and its budgeted capital costs for the succeeding fiscal year, the amount in excess of said 20% shall be returned by the School to the sending district or districts and the Commonwealth in proportion to their share of tuition paid during the fiscal year. Management does not anticipate any repayment in fiscal year 2020.

Unemployment Insurance

Previously to January 1, 2010, the School was self-insured in regards to unemployment insurance with the Commonwealth of Massachusetts. As of June 30, 2020 and 2019, the combined financial statements include a liability of \$40,978 payable to the Commonwealth of Massachusetts for unpaid unemployment claims. The actual amount due to the Commonwealth inclusive of interest, if any, cannot be determined as of June 30, 2020.

COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. As a result, the School transitioned into a remote working and learning environment. The extent to which COVID-19 may impact the School's activities will depend upon future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain the virus.

13. Related Party Transactions

During fiscal year 2020 and 2019, the Fund donated \$28,000 and \$0, respectively to the School.

14. Concentrations

During fiscal year 2020 and 2019, DESE provided 93% and 91%, respectively for both fiscal years of the Organization's revenue through Federal and Commonwealth funding respectively.

15. Rental Income

In fiscal years, 2020 and 2019, the School leased out approximately 900 square feet of the building and parking spaces for elderly housing and residents in the neighborhood. Related rental income for the fiscal years ended June 30, 2020 and 2019 was \$20,172 and \$17,891, respectively.

The minimum rental income over the term of the leases are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2021	\$ 2,522

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Notes to Combined Financial Statements - *Continued*
June 30, 2020

Draft For Discussion

16. Subsequent Events

The Organization has evaluated subsequent events through October 27, 2020, which is the date the combined financial statements were available to be issued. There are no recognized subsequent events, events that provide additional evidence about conditions that existed at the *Combined Statement of Net Position* date, or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the *Combined Statement of Net Position* date, which are necessary to disclose to keep the combined financial statements from being misleading.

Draft For Discussion

**REPORT ON INTERNAL CONTROL AND
ON COMPLIANCE IN ACCORDANCE
WITH
GOVERNMENT AUDITING STANDARDS**

Draft For Discussion



Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

The Board of Trustees

Marblehead Community Charter Public School and Marblehead Charter Education Fund, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined statement of net position of Marblehead Community Charter Public School and the Marblehead Charter Education Fund, Inc., (collectively, the Organization), as of and for the year ended June 30, 2020, and the combined statements of revenues, expenses and changes in net position and cash flows, and the related notes to the combined financial statements, which collectively comprise the Organization's combined financial statements, and have issued our report thereon dated October 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal controls) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's combined financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that might be material weaknesses. However, material weaknesses may exist that have not been identified.

Draft For Discussion

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 27, 2020

Draft For Discussion

SCHEDULE OF FINDINGS AND RESPONSES

**Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**
Schedule of Findings and Responses
For the Year Ended June 30, 2020

Draft For Discussion

No Current Year Findings

Draft For Discussion

SCHEDULE OF PRIOR YEAR FINDINGS

Marblehead Community Charter Public School and

Marblehead Charter Education Fund, Inc.

Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2020

Draft For Discussion

No Prior Year Findings

Draft For Discussion

BOARD ACCEPTANCE LETTER

Draft For Discussion

ACCEPTANCE OF THE BOARD OF TRUSTEES

We, the Board of Trustees of Marblehead Community Charter Public School and Marblehead Charter Education Fund, Inc. or its designated committee or individual, have voted to accept the representations of management and the expression of the opinions made by Daniel Dennis & Company LLP as embodied in the combined financial statements and independent auditors' reports for the year ended June 30, 2020.

We also certify that the representations made by management and the disclosures in the combined financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and the Commonwealth of Massachusetts Charter School Audit Guide for the period ended June 30, 2020.

Board President or Treasurer
or Other Designated Person

Marblehead Community Charter Public School

Finance Committee Presentation

October 21, 2020



DANIEL DENNIS & Co

Certified Public Accountants

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Dedham, MA 02026

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DANIEL DENNIS & Co
Certified Public Accountants

October 21, 2020

**To the Finance Committee of
Marblehead Community Charter Public School and
Marblehead Charter Education Fund, Inc.**

We have audited the combined financial statements of Marblehead Community Charter Public School and the Marblehead Charter Education Fund, Inc. (the Organization) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 22, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the combined financial statements. No new accounting policies were adopted and the application of existing policies were not changed during 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the combined financial statements in the proper period.

Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Organization's combined financial statements were:

Management's allocation of expenditures to grants. The allocation methodology used is based on management's estimate of the equitable share of expenditures applicable to each grant.

The amount of on-behalf fringe benefit payments recorded in accordance with GASB No. 68. in the Statements of Revenues, Expenses and Change and Net Position. This is an estimate based on the report provided by the Massachusetts Teachers Retirement System.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the combined financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the combined financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the combined financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combined financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's combined financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the combined financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Finance Committee and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Daniel Dennis & Company LLP

Marblehead Community Charter Public School

June 30, 2020

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of Over- (Under-) statement of:					
				Total Assets	Total Liabilities	Fund Balance/Net Position	Revenues	Expn.	Change in Fund Balance/ Net Position
Prepaid Expense is understated	F	Health Ins paid in June 2020 covered period 6/15/20 - 7/15/20, however no prepaid was recorded for amount related to 7/1/20-7/14/20, fiscal year 2021.	7208	(13,259)		(13,259)		13,259	(13,259)
Total				-13,259	0	-13,259	0	13,259	-13,259
Financial statement caption totals				4,304,634	3,957,127	347,507	3,979,797	3,909,136	70,661
Current year AD as % of F/S captions (iron curtain method)				-0.31%	0.00%	-3.82%	0.00%	0.34%	-18.76%

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors and misstatements by nature or circumstances, uncorrected audit differences, individually and in the aggregate, do do not cause the financial statements of opinion unit taken as a whole to be materially misstated.

SUMMMARY OF AUDITORS' REPORTS

Marblehead Community Charter Public School
June 30, 2020

SUMMMARY OF AUDITORS' REPORTS

Independent Auditors' Report

- Unmodified Opinion on the Combined Financial Statements
- No Opinion on Management's Discussion and Analysis (Unaudited Information)

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

- No material weaknesses over financial reporting
- No reportable instances of non-compliance

Prior Year Audit Results

- No material weaknesses over financial reporting
- No reportable instances of non-compliance

FINANCIAL RATIO PROFILE

Marblehead Community Charter Public School

June 30, 2020

<i>Ratio</i>	<i>2020</i>	<i>2019</i>	<i>2019 State Average**</i>	<i>Low Risk</i>	<i>Moderate Risk</i>	<i>High Risk</i>
Current Ratio <i>measures short term financial health</i>	1.67:1	1.58:1	3.60:1	>=1.5	Between 1.0 and 1.5	< 1.0
Unrestricted Days Cash <i>measures how many days a school can pay its expenses without another inflow of cash</i>	62 days	15 days	67 days	>=60 days	Between 30 and 60 days	< 30 days
Percentage of Program Paid by Tuition <i>measures percentage of expenses funded by tuition</i>	93%	90%	91%	>=90%	Between 75% and 90%	< 75%
Percentage of Program Paid by Tuition & Federal Grants <i>measures percentage of expenses funded by tuition and federal grants</i>	95%	91%	96%	>=90%	Between 75% and 90%	< 75%
Percentage of Total Revenue Expended on Facilities <i>measures percentage of revenue that is spent on operation and maintenance</i>	11%	10%	14%	<= 15%	Between 15% and 30%	> 30%
Change in Net Position Percentage <i>measures school's cash management efficiency</i>	2.0%	-1.3%	0.4%	Positive %	Between -2% and 0%	< -2%
Debt to Asset <i>measures extent of reliance on borrowed funds to finance its operations</i>	0.92	0.94	0.55	< = .9	Between .9 and 1	> 1
Enrollment	208	230	566			

** Calculated by DESE based on the financial information in the 2019 end of year reports.

Marblehead Community Charter Public School

Discussion Items

FUTURE CONSIDERATIONS

- Monitor the debt covenants
- Resolution to the liability for the unpaid unemployment claims
- Monitor the extent of additional Federal funding due to COVID-19
 - Federal expenditures in excess of \$750,000 will trigger the single audit requirement
- GASB Updates
 - GASB 87 - Leases – *Postponed until fiscal year 2022*

Due Dates

- Audit Report – November 1st
- End of Year Report – December 2nd
- Form 990 and Form PC for the Fund – November 15th

Cover Sheet

Board Restricted Fund

Section: VI. Other Business
Item: D. Board Restricted Fund
Purpose: Discuss
Submitted by:
Related Material: Options for Board Restricted Fund.docx

Options for Board Restricted Fund

The board has two options to designate funds

1. To designation a portion of the schools net position for a specific use.
 - a. This requires a board vote to designate a portion of the net position (the funds can be undesignated by a future board vote)
 - b. This does not require the establishment of a separate cash account
 - c. This designation can not be used in the 20% Surplus calculation to reduce any surplus
 - d. It would be presented only in a note to the financial statements as follows:

9. Designated Unrestricted Net Position

In 20XX the Board of Trustees voted to designate \$XXXX of net position for use for the future capital needs of the School.

2. To internally restrict cash for a specific use
 - a. This requires a board vote to internally restrict cash
 - b. A separate cash account should be established for the amount restricted
 - c. This restriction can be used in the 20% Surplus calculation to reduce any surplus
 - d. The restricted cash would be on its own financial statement line item within the asset section of the financial statements and there would be footnote as follows

e. Restricted Cash

In 20XX the Board of Trustees voted to internally restrict \$XXXX for future capital needs of the School. The balance of the internally restricted cash at June 20, 20XX was \$XXXX.

Cover Sheet

Finance Committee

Section: VII. Committee Updates
Item: B. Finance Committee
Purpose: Discuss
Submitted by:
Related Material: Fin Com notes, Sept-20.docx
Financial Statements, Sept-20.pdf

FinCom notes September, 2020

ALL HAIL KARL SMITH!



* The September tuition check came in at \$287,354 and should be based on 222 students. There was no additional payment this time.

$\$287,354 \times 12 = \$3,448,248$
 $\$3,448,248 / 222 = \$15,532.65$, or the current PPE
 $\$15,532.65 \times 210^* = \$3,261,857$
FY21 budgeted state allocation = \$3,086,095

Needless to say there are many moving parts yet to be known re the PPEs.

Once again it is likely we'll build up cash and then spend it down after the state allocation adjusts.

* The October 15th data submission to the state should reflect a student population of 210 (the data point is October 1st, today is the 8th). Peter can update enrollment. □

* As of the 8th we have not heard from FEMA about the grant. The 15th will mark 45 days since submission and was the far-end of the projected approval period.

* **Adjustment to August financials:** the first \$10K payment on the HVAC project has been moved from General Fund to the appropriate Grant. The HVAC project is now complete, as is the switch to touchless faucets in all bathrooms & the nurse's office.

* MCEF Balance Sheet thru September is included

September 2020 Financials

Revenue

Student Success Fund

Premium reimbursement from Tufts: \$7,153.52 (FY20, 75% = \$5,365.14)

Expenses

Salaries Line 5045 – Specialist: this is the bulk of our new hires

Salaries Line 5050 – Guidance: this adds our new School Adjustment Counselor (Jessica)

5240 is our SPED software eStar (annual)

5242 is PowerSchool annual subscription

5320 Maintenance includes: the last 1/3 for the new tile floors, \$780 for the annual fire alarm inspection and \$985 for a floor machine.

You'll also see Custodial Service and Electric start to resume normal amounts.

All Classes

It will take a few months to straighten out the Fed/State grant funding as most of the deadlines have crossed fiscal years due to Covid.

We have started incurring costs against our Friends grants...those expenses are reimbursable.

Detailed grant information is postponed until the November FinCom.

Food Service Dept.

Cash balance at 6/30/20 = \$4,302.68

All meals served are reimbursable at the 2020 Free & Reduced rates. This includes all of the breakfasts & lunches picked up by our families every Thursday.

Through the end of September the kitchen has served 1,564 meals. These will be submitted for reimbursement as soon as the Commonwealth's revised online reimbursement system is ready.

782 breakfasts x \$2.33 (reimb rate) = \$1,822.06

782 lunches x \$4.09 = \$3,198.38

At 9/30/20 there is an outstanding A/R of \$5,020.44

Marblehead Community Charter Public School

Financial Results As of September 30, 2020



Prepared and reviewed by:
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Rodolphe Hervé - MCCPS Treasurer (rherve@marbleheadcharter.com)

MCCPS

Balance Sheet Standard

As of September 30, 2020

	Sep 30, '20	Sep 30, '19	Increase / (Decrease)	%age
ASSETS				
Current Assets				
Checking/Savings				
1073 — EBSB Payroll (8947)	3,601	18,498	(14,897)	-80.5%
1072 — EBSB Operating (8934)	444,750	435,920	8,830	2.0%
1010 — Charter Hall (8202)	2,670	2,967	(298)	-10.0%
1040 — Petty Cash (4534)	974	341	633	185.9%
1070 — Checking (4542)	107,050	97,796	9,253	9.5%
1085 — PayPal	11,738	5,895	5,843	99.1%
1090 — FoodService (5077)	3,914	2,075	1,838	88.6%
Total Checking/Savings	574,697	563,493	11,204	2.0%
Accounts Receivable				
1200 — Accounts Receivable	0	2,239	(2,239)	
1201 — Grants Receivable	0	0	0	
Total Accounts Receivable	0	2,239	(2,239)	
Other Current Assets				
1310 — Prepaid Expense	0	0	0	
1210 — State Allocation Receivable	0	0	0	
Total Other Current Assets	0	0	0	
Total Current Assets	574,697	565,732	8,965	1.6%
Fixed Assets				
1532 — 17 Lime Street				
1533 — Land - 17 Lime Street	687,400	687,400	0	0.0%
1532 — 17 Lime Street - Other	3,562,600	3,562,600	0	0.0%
Total 1532 — 17 Lime Street	4,250,000	4,250,000	0	0.0%
1530 — Building Improvements	33,184	33,184	0	0.0%
1531 — Fixed Assets	66,648	66,648	0	0.0%
1599 — Accumulated Depreciation	(639,261)	(544,856)	(94,405)	17.3%
Total Fixed Assets	3,710,571	3,804,976	(94,405)	-2.5%
TOTAL ASSETS	4,285,268	4,370,708	(85,440)	-2.0%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2000 — Accounts Payable	3,089	0	3,089	#DIV/0!
2010 — Accounts Payable FS		0	0	
Total Accounts Payable	3,089	0	3,089	#DIV/0!
Other Current Liabilities				
2110 — Accrued Payroll	126,125	0	126,125	#DIV/0!
2110-25 — Payroll Liabilities	357	(224)	581	
2110-30 403B	(400)	900	(1,300)	
2111 — Accrued Payroll Taxes	3,479	5	3,474	69471.4%
2160-25 — MTRB Liability	15,531	13,146	2,385	18.1%
2190-25 — Payroll Clearing Account	2,086	1,103	983	89.1%
2230 — Accrued Expenses	81,691	49,830	31,860	63.9%
Total Other Current Liabilities	228,867	64,759	164,107	253.4%
Total Current Liabilities	231,956	64,759	167,196	258.2%
Long Term Liabilities				
2613 — East Boston Savings Bank	3,694,335	3,793,834	(99,499)	-2.6%
Total Long Term Liabilities	3,694,335	3,793,834	(99,499)	-2.6%
Total Liabilities	3,926,291	3,858,593	67,698	1.8%
Equity				
3000 — Opening Bal Equity	(295)	(295)	0	0.0%
3900 — Retained Earnings	347,804	270,041	77,764	28.8%
Net Income	11,468	242,369	(230,901)	-95.3%
Total Equity	358,977	512,115	(153,138)	-29.9%
TOTAL LIABILITIES & EQUITY	4,285,268	4,370,708	(85,440)	-2.0%

MCCPS

Profit and Loss Prev Year Compariso

July - September 2020

Accrual Basis

months YTD

3

	Jul-Sep 2020	Jul-Sep 2019	Increase / (Decrease)	%age	Budget	Over / (Under)	%age
Ordinary Income/Expense							
Income							
4057 — VACATION PROGRAMMING	0	7,250	(7,250)	-100.0%	0	0	NA
4005 — STATE ALLOCATION	791,678	868,713	(77,035)	-8.9%	771,524	20,154	2.6%
4010 — FEDERAL & STATE GRANTS	3,199	4,608	(1,409)	-30.6%	0	0	NA
4020 — SCHOOL LUNCH	1,971	19,749	(17,778)	-90.0%	0	0	NA
4030 — STUDENT ACTIVITIES	2,600	5,870	(3,270)	-55.7%	0	0	NA
4040 — INVESTMENT INCOME	72	29	43	149.9%	25	47	187.4%
4050 — OTHER INCOME	9,213	20,523	(11,311)	NA	8,438	775	9.2%
4055 — STUDENT SUCCESS FUND	15,562	11,834	3,728	NA	4,500	11,062	245.8%
4060 — CONTRIBUTIONS (MCEF)	0	0	0	NA	0	0	NA
4070 — PRIVATE GRANTS	643	0	643	NA	0	0	NA
4080 — REIMBURSEMENTS	2,034	1,005	1,030	NA	500	1,534	306.9%
4085 — MEDICARE REIMB.	0	0	0	NA	1,250	(1,250)	-100.0%
4090 — FUNDRAISING	0	2,866	(2,866)	NA	11,250	(11,250)	-100.0%
Total Income	826,972	942,447	(115,475)	-12.3%	797,486	29,486	3.7%
Gross Profit	826,972	942,447	(115,475)	-12.3%	797,486	29,486	3.7%
Expense							
5000 — PERSONNEL	561,611	434,219	127,391	29.3%	563,175	(1,565)	-0.3%
5140 — BENEFITS	70,348	105,148	(34,800)	-33.1%	103,459	(33,111)	-32.0%
5150 — STAFF DEVELOPMENT	3,183	8,706	(5,523)	NA	1,875	1,308	69.8%
5160 — SEARCH COSTS	1,823	1,688	135	NA	425	1,398	328.9%
5170 — SUBSTITUTE	7,060	7,060	0	NA	0	7,060	NA
5200 — DIRECT STUDENT SUPPORT	41,891	30,807	11,083	36.0%	16,425	25,466	155.0%
5261 — STUDENT ACTIVITY	1,440	1,896	(456)	-24.1%	0	1,440	NA
5261 — STUDENT LUNCH EXP	1,661	10,939	(9,278)	-84.8%	0	1,661	NA
5300 — OCCUPANCY	31,918	23,328	8,590	36.8%	29,313	2,605	8.9%
5400 — OFFICE & ADMIN	51,964	59,418	(7,454)	-12.5%	55,156	(3,192)	-5.8%
6100 — Depreciation	23,667	23,929	(262)	-1.1%	23,750	(83)	-0.3%
5329 — COVID19	18,941	0	18,941	NA	0	18,941	NA
Total Expense	815,505	700,078	115,426	16.5%	793,577	21,927	2.8%
Net Ordinary Income	11,468	242,369	(230,901)	-95.3%	3,909	7,559	193.4%
Net Income	11,468	242,369	(230,901)	-95.3%	3,909	7,559	193.4%

MCCPS

Profit and Loss Standard

July - September 2020

	Jul 2020	Aug 2020	Sep 2020	Total
Income				
4005 STATE ALLOCATION	252,162	252,162	287,354	791,678
4040 INVESTMENT INCOME	10	13	27	50
4041 Int Inc	4	8	10	22
Total 4040 INVESTMENT INCOME	14	21	37	72
4050 OTHER INCOME	3,000			3,000
4051 17 Lime Rent	1,522	2,800	1,425	5,747
4056 Homework Club		466		466
Total 4050 OTHER INCOME	4,522	3,266	1,425	9,213
4055 STUDENT SUCCESS FUND		600	14,962	15,562
4080 REIMBURSEMENTS	156	90	1,788	2,034
Total Income	256,854	256,139	305,567	818,559
Gross Profit	256,854	256,139	305,567	818,559
Expenses				
5000 PERSONNEL				0
Total 5000 PERSONNEL	182,844	173,316	194,944	551,105
5140 BENEFITS				0
5141 Health	18,782	21,802	20,948	61,532
5142 Dental	2,196	2,242	2,445	6,883
5143 Life & Disability			1,933	1,933
Total 5140 BENEFITS	20,978	24,045	25,325	70,348
5150 STAFF DEVELOPMENT		504		504
5160 SEARCH COSTS	1,823			1,823
5170 SUBSTITUTE		1,560	5,500	7,060
5200 DIRECT STUDENT SUPPORT				0
5203 Student Success Fund		1,491		1,491
5210 Teachers supplies		194	183	377
5211 Instructional Equipment	1,221	1,221	1,019	3,460
5215 Curriculum supplies		239	107	346
5220 Student supplies		7	175	182
5221 SPED supplies			418	418
5240 Computer Support			2,029	2,029
5241 Technology - Hardware	507			507
5242 Technology-Software			3,599	3,599
5255 Homework Club	72	72	72	216
Total 5200 DIRECT STUDENT SUPPORT	1,800	3,224	7,602	12,625

MCCPS

Profit and Loss Standard

July - September 2020

	Jul 2020	Aug 2020	Sep 2020	Total
5300 OCCUPANCY				0
5320 Maintenance	913	1,373	6,082	8,367
5321 alarm	360			360
5326 Repairs	5,349			5,349
Total 5320 Maintenance	6,622	1,373	6,082	14,077
5330 CustSvc	650	650	1,860	3,160
5340 CustSupplies	275		315	590
5351 Utilities				0
5352 Electric	182	439	2,417	3,039
5353 Gas			382	382
5355 Communications	48	574	48	670
Total 5351 Utilities	230	1,014	2,847	4,091
Total 5300 OCCUPANCY	7,777	3,036	11,104	21,918
5329 Covid-19	413	67	218	698
5400 OFFICE & ADMIN				0
5405 FundraisingExp			596	596
5410 Supplies	66	565	389	1,020
5430 Accounting	1,135	1,950	3,530	6,615
5431 Legal		55	99	154
5440 PayrollSvc	1,109	437	775	2,321
5460 Postage	879	697	240	1,815
5470 General Liability Insurance		5,005	2,503	7,508
5480 Board			450	450
5486 HoS Discretionary			125	125
5492 Mortgage Interest	10,197	10,513	10,490	31,199
5497 Bank Chrg	61	50	48	160
Total 5400 OFFICE & ADMIN	13,448	19,271	19,245	51,964
6100 Depreciation	7,889	7,889	7,889	23,667
Total Expenses	236,971	232,912	271,827	741,710
Net Operating Income	19,883	23,227	33,739	76,849
Net Income	19,883	23,227	33,739	76,849

MCCPS
Profit and Loss by Class
July - September 2020

	01 - General Fund	20 - School Lunch	21 - Student Activities	22 - Athletics	23 - Nature's Classroom	Total 21 - Student Activities	90 Federal Grants	102 - CvRF School Reopening	113 - ESSER Emergency	114 - Summer Learning	140 - Title 2	240-sped 94-142	309 - Title 4	Total 90 Federal Grants	92 Private Grants	94- FMPGrant	Total 92 Private Grants	TOTAL
Income																		
4005 STATE ALLOCATION	791,678					0								0			0	791,678
4010 FEDERAL & STATE GRANTS						0		2,000	1,199					3,199			0	3,199
4020 SCHOOL LUNCH		1,004				0								0			0	1,004
4021 STATE REIMB		311				0								0			0	311
4026 TAKE OUT SALES						0								0			0	0
4027 PIZZA		656				0								0			0	656
Total 4026 TAKE OUT SALES	0	656	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	656
Total 4020 SCHOOL LUNCH	0	1,971	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,971
4030 STUDENT ACTIVITIES						0								0			0	0
4033 Nature's Classroom					2,600	2,600								0			0	2,600
Total 4030 STUDENT ACTIVITIES	0	0	0	0	2,600	2,600	0	0	0	0	0	0	0	0	0	0	0	2,600
4040 INVESTMENT INCOME	50					0								0			0	50
4041 Int Inc	22					0								0			0	22
Total 4040 INVESTMENT INCOME	72	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	72
4050 OTHER INCOME	3,000					0								0			0	3,000
4051 17 Lime Rent	5,747					0								0			0	5,747
4056 Homework Club	466					0								0			0	466
Total 4050 OTHER INCOME	9,213	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,213
4055 STUDENT SUCCESS FUND	15,562					0								0			0	15,562
4070 PRIVATE GRANTS						0								0	643		643	0
4080 REIMBURSEMENTS	2,034					0								0			0	2,034
Total Income	818,559	1,971	0	0	2,600	2,600	0	2,000	1,199	0	0	0	0	3,199	0	643	643	826,972
Gross Profit	818,559	1,971	0	0	2,600	2,600	0	2,000	1,199	0	0	0	0	3,199	0	643	643	826,972
Expenses																		
5000 PERSONNEL																		
5005 School Leader	31,875					0								0			0	31,875
5010 Business Manager	19,250					0								0			0	19,250
5012 SPED Director	25,915					0								0			0	25,915
5015 Development Director	11,250					0								0			0	11,250
5020 Admin-Clerical	14,667					0								0			0	14,667
5030 Asst HoS	21,250					0								0			0	21,250
5040 Teacher	139,987					0								0			0	139,987
5041 TA	18,520					0								0			0	18,520
5042 IntArts	66,275					0								0			0	66,275
5045 Specialist	102,334					0								0			0	102,334
5050 Guidance	19,265					0								0			0	19,265
5055 Nurse	13,610					0								0			0	13,610
5060 Food Service	14,205	4,587				0								0			0	18,792
5065 Facilities	17,508					0								0			0	17,508
5067 Stipends						0			800					800			0	800
5068 Other Earnings	297					0								0			0	297
5070 Enrichment Coord	5,263					0								0			0	5,263
5084 House Manager	50					0								0			0	50
5086 Summer School						0			5,119					5,119			0	5,119
5087 Teacher Award	1,000					0								0			0	1,000
Payroll Taxes						0								0			0	0
5115 Soc Sec	9,311					0								0			0	9,311
5116 Medicare	7,455					0								0			0	7,455
5117 Unemployment	2,845					0								0			0	2,845
5118 MAPML	1,996					0								0			0	1,996
5120 Work Comp	6,976					0								0			0	6,976
Total Payroll Taxes	28,584	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28,584
Total 5000 PERSONNEL	551,105	4,587	0	0	0	0	0	0	5,919	0	0	0	0	5,919	0	0	0	561,611
5140 BENEFITS																		
5141 Health	61,532					0								0			0	61,532
5142 Dental	6,883					0								0			0	6,883
5143 Life & Disability	1,833					0								0			0	1,833
Total 5140 BENEFITS	70,348	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	70,348
5150 STAFF DEVELOPMENT	504					0					680			680		2,000	2,000	3,183
5160 SEARCH COSTS	1,823					0								0			0	1,823
5170 SUBSTITUTE	7,060					0								0			0	7,060

MCCPS
Profit and Loss by Class
July - September 2020

	01 - General Fund	20 - School Lunch	21 - Student Activities	22 - Athletics	23 - Nature's Classroom	Total 21 - Student Activities	90 Federal Grants	102 - CvRF School Reopening	113 - ESSER	114 - Summer Learning	140 - Title 2	240-sped 94-142	309 - Title 4	Total 90 Federal Grants	92 Private Grants	94- FMPGrant	Total 92 Private Grants	TOTAL	
\$ 5200 DIRECT STUDENT SUPPORT																			
5203 Student Success Fund	1,491					0								0			0	0	1,491
5210 Teachers supplies	377					0		43						43			0	420	
5211 Instructional Equipment	3,460					0								0	1,499	1,499	0	4,959	
5215 Curriculum supplies	346					0		4,080						4,080			0	4,426	
5220 Student supplies	182					0	27	1,899						1,926			0	2,108	
5221 SPED supplies	418					0		575						575			0	993	
5222 SPED Services						0					2,650			2,650			0	2,650	
5240 Computer Support	2,029					0		62						62			0	2,091	
5241 Technology - Hardware	507					0	2,214			1,380				3,594			0	4,101	
5242 Technology-Software	3,599					0				2,367			12,469	14,836			0	18,435	
5255 Homework Club	216					0								0			0	216	
Total 5200 DIRECT STUDENT SUPPORT	12,625	0	0	0	0	0	2,214	27	6,659	0	3,747	2,650	12,469	27,766	0	1,499	1,499	41,891	
5261 STUDENT ACTIVITY																			
5262 Athletics				350		350								0			0	350	
5264 Nature's Classroom					1,090	1,090								0			0	1,090	
Total 5261 STUDENT ACTIVITY	0	0	0	350	1,090	1,440	0	0	0	0	0	0	0	0	0	0	0	1,440	
5270 SCHOOL LUNCH EXP																			
5272 equip		51				0								0			0	51	
5273 food		1,411				0								0			0	1,411	
5275 materials		19				0								0			0	19	
5276 service		127				0								0			0	127	
5277 Take out expense		53				0								0			0	53	
Total 5270 SCHOOL LUNCH EXP	0	1,661	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,661	
5300 OCCUPANCY																			
5320 Maintenance	8,367					0		10,000						10,000			0	18,367	
5321 alarm	350					0								0			0	350	
5326 Repairs	5,349					0								0			0	5,349	
Total 5320 Maintenance	14,077	0	0	0	0	0	0	10,000	0	0	0	0	0	10,000	0	0	0	24,077	
5330 CustSvc	3,160					0								0			0	3,160	
5340 CustSupplies	590					0								0			0	590	
5351 Utilities						0								0			0	0	
5352 Electric	3,039					0								0			0	3,039	
5353 Gas	382					0								0			0	382	
5355 Communications	670					0								0			0	670	
Total 5351 Utilities	4,091	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,091	
Total 5300 OCCUPANCY	21,918	0	0	0	0	0	0	10,000	0	0	0	0	0	10,000	0	0	0	31,918	
5329 Covid-19	698					0		11,070	7,172					18,243			0	18,941	
5400 OFFICE & ADMIN																			
5405 FundraisingExp	596					0								0			0	596	
5410 Supplies	1,020					0								0			0	1,020	
5430 Accounting	6,615					0								0			0	6,615	
5431 Legal	154					0								0			0	154	
5440 PayrollSvc	2,321					0								0			0	2,321	
5460 Postage	1,815					0								0			0	1,815	
5470 General Liability Insurance	7,508					0								0			0	7,508	
5480 Board	450					0								0			0	450	
5486 HoS Discretionary	125					0								0			0	125	
5492 Mortgage Interest	31,199					0								0			0	31,199	
5497 Bank Chrg	160					0								0			0	160	
Total 5400 OFFICE & ADMIN	51,964	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	51,964	
6100 Depreciation	23,657					0								0			0	23,657	
Total Expenses	741,710	6,248	0	350	1,090	1,440	2,214	21,098	13,831	5,919	4,427	2,650	12,469	62,608	0	3,499	3,499	815,505	
Net Operating Income	76,849	-4,277	0	-350	1,511	1,161	-2,214	-21,098	-11,831	-4,720	-4,427	-2,650	-12,469	-59,409	0	-2,856	-2,856	11,468	
Net Income	76,849	-4,277	0	-350	1,511	1,161	-2,214	-21,098	-11,831	-4,720	-4,427	-2,650	-12,469	-59,409	0	-2,856	-2,856	11,468	

**MCCPS
Financial Ratios**

As of September 30, 2020

months YTD

3

Debt Service Coverage Ratio	0.37
Days of Cash	66
LUNA (liquid unrestricted net assets)	2.11

Debt Service Coverage Ratio	
Standard monthly payment (Principal and Interest)	10,400
Net operating Income YTD	11,468
Annualized based on YTD results	45,870
Calculated Debt Service Ratio	0.37

Debt-Service Coverage Ratio (DSCR) is a measure of the cash flow available to pay current debt obligations. The ratio states net operating income as a multiple of debt obligations due within one year, including interest, principal, sinking-fund and lease payments.

Days Cash	
Cash on Hand	574,697
Operating Expense YTD Annualized	3,262,018
Noncash expense Depreciation YTD Annualized	94,668
Days Cash	66

$$\text{Cash on hand} \div ((\text{Operating expenses} - \text{Noncash expenses}) \div 365)$$

Liquid Unrestricted Net Assets	
Unrestricted Net Assets	4,285,268
Fixed Assets	3,710,571
Liquid Unrestricted NA	574,697
Expense (YTD) Monthly	271,835
LUNA	2.11

Steps to Calculate LUNA and months of liquidity
Step 1. Calculate LUNA:
 Subtract fixed assets from unrestricted net assets (property and equipment minus debt owed) = liquid unrestricted net assets (LUNA)
Step 2. Divide LUNA by monthly expense

$$\text{LUNA} / \text{monthly expense} = \text{months of liquidity}$$

MCCPS

FY21 Operating Budget worksheet

APPROVED BUDGET

Ordinary Income/Expense Income

4057 — VACATION PROGRAMMING 0 actual

4005 — STATE ALLOCATION 3,086,095

Total 4040 — INVESTMENT INCOME 100

4050 — OTHER INCOME

4051 — 17 Lime Rent 21,750

4054 — Misc. Inc. 1,500

4056 — Homework Club 10,000

4050 — OTHER INCOME - Other 500

Total 4050 — OTHER INCOME 33,750

4055 — STUDENT SUCCESS FUND 18,000

4080 — REIMBURSEMENTS 2,000

4085 — MEDICARE REIMB. 5,000

Total 4090 — FUNDRAISING 45,000

Total Income 3,189,945

Gross Profit

Expense

5000 — PERSONNEL

5089 — Fellows 0

5088 — Vactaion Programming 0 actual

5100 - PAYROLL TAX

Fam/Medical Leave (new tax) 5,000

5120 — Work Comp 17,000

5117 — Unemployment 13,000

5116 — Medicare 35,000

5115 — Soc Sec 42,000

Total 5100 - Payroll Taxes 112,000

Salaries worksheet - update above 2,140,701

Total 5000 — PERSONNEL 2,252,701

5140 — BENEFITS

5141 — Health 373,774

5142 — Dental 25,661

5143 — Life & Disability 14,400

Total 5140 — BENEFITS 413,835

5150 — STAFF DEVELOPMENT 7,500 MCPSA m

5160 — SEARCH COSTS 1,700 SchoolSpi

5200 — DIRECT STUDENT SUPPORT

5255 — Homework Club 6,500

5202 — Furnishings 1,000 reduced

5203 — Student Success Fund 15,300

5210 — Teachers supplies 5,000

5211 — Instructional Equipment 14,400

MCCPS FY21 Operating Budget worksheet

	APPROVED BUDGET	
5215 — Curriculum supplies	5,000	
5220 — Student supplies	5,000	
5221 — SPED supplies	1,500	
5222 — SPED Services	1,500	
5240 — Computer Support	2,000	
5241 — Technology - Hardware	5,000	
5242 — Technology-Software	2,000	
5250 — Nursing supplies	1,500	
5290 — Vacation Programming	0	actual
Total 5200 — DIRECT STUDENT SUPPORT	65,700	
5300 — OCCUPANCY		
Total 5320 — Maintenance	40,000	
5330 — CustSvc	30,000	
5340 — CustSupplies	5,000	
5351 — Utilities		
5352 — Electric	30,000	
5354 — Water	8,500	
5355 — Communications	3,750	
Total 5351 — Utilities	42,250	
Total 5300 — OCCUPANCY	117,250	
5400 — OFFICE & ADMIN		
5492 — Mortgage Interest	120,423	
5405 — FundraisingExp		
5407 — Events		
5408 — Musical		
5405 — FundraisingExp - Other		
Total 5405 — FundraisingExp	6,000	
5410 — Supplies	5,000	
5430 — Accounting	18,000	
5431 — Legal	10,000	
5435 - Marketing	10,000	New item
5440 — PayrollSvc	5,500	
5450 — Printing&Copy	1,200	
5460 — Postage	3,500	
5470 — General Liability Insurance	30,000	
5480 — Board	7,000	
5486 — HoS Discretionary	1,500	
5487 — Admissions	1,500	
5497 — Bank Chrg	1,000	
Total 5400 — OFFICE & ADMIN	220,623	
6100 — Depreciation	95,000	
Total Expense	3,174,309	
Net Ordinary Income	15,636	