

FinCom notes November, 2020

* The November tuition check came in at \$287,354 and should be based on 222 students.

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

* The state budget is in conference committee...MA is one of 8 states without a budget halfway thru the fiscal year.

Based on a Zoom call with the Charter School Association and the DESE, we are looking at a very challenging financial environment over the next 18 months (inclusive of FY22).

While the expectation is for Foundation budgets to increase approx. 2%, Above Foundation spending is expected to drop, perhaps significantly. This is due to several factors: the remote environment is reducing facilities costs, districts can use Covid grant funding to supplant expenses (vs. supplement) and local tax revenues are down. We have always done well with AF spending from Marblehead and Swampscott in particular.

DESE expects there to be adjustments to our checks in December, March and June, instead of the typical one-time adjustment in the January check. These will likely all be reductions if they do change.

[**Update:** from a separate email sent to Peter on 8 Dec:

FY21 Tuition: We expect to see updated tuition files posted on the Department's website sometime between December 18 and December 24. Those updated files should include an update to FY21 above foundation rates for some districts. **HOWEVER**, we have heard that cities and towns also received an update to cherry sheets based on the budget published from the Conference committee; therefore many district financial reports are expected to be submitted after Q2 tuition is published. **As a result, many charters' above foundation rates may not be updated until March 2021.]**

While there may be additional Covid funding from the federal government this fiscal year, the incoming Biden administration is openly hostile to charters as they are aligned with the teacher unions. My hope is they focus on the for-profit / corporate market, but it's probably only a matter of time until Commonwealth charters are in the crosshairs.

As always, our saving grace may be enrollment – going from 210 to 230, which won't have a huge impact on our operating costs would potentially add \$300K in revenue. Peter can update on FY21 enrollment and what were doing for FY22 to get to 230.

As with the last recession, it took two years before there was a return to typical funding, so the expectation is that FY22 will be at least as difficult.

Alas, we have several unanticipated expenses to manage immediately;

* A new FTE – Peter can explain. This FTE will become part of the operating budget in future fiscal years as it is student-specific. I anticipate funding at least 50% of this expense through a grant (102).

* Potential replacement of a rooftop HVAC unit resulting from a cracked heat exchange. Initial estimates are \$5K to repair or \$9K to replace. We are currently seeking second opinions on the problem and additional quotes. If the FEMA \$ ever comes thru it will help offset this expense.

* We are seeing an unanticipated spike in requests for SPED testing. Short of additional grant funding this will eventually hit the operating budget.

In addition, the kitchen has lost a second reach-in fridge and the ice machine. The dishwasher failed as well but was under warranty and has been fixed at no cost. The equipment will not be replaced until the Food Service dept. finances are straightened out (more below).

MCEF: Susan can update on Giving Tuesday, MCEF board membership and development efforts.

Some good news: The Line of Credit (\$300K) has been extended until 3/31/20...Andrea Barolw has applied for a new \$6,500 grant (we're waiting to hear), the state is providing up to 20 in-room HEPA air purifiers for free (expected shortly), the state gave us 500 child and 500 adult high-quality, reusable cotton masks, Marblehead Youth Hockey is renewing their lease (\$1,044)

November 2020 Financials

Revenue

November tuition stable at \$287,354

Expenses

Several one-time expenses this month.

Line 5150 Staff Development – payment of MA Charter school Association annual dues.

Line 5430 Accounting – the bulk of the payment to the auditors

Line 5485 Marketing – payment for our contract with Flatrock Creative for the new website, logo and related marketing materials.

All Classes

Food Service Dept.

The department submitted \$7,123.96 in reimbursements for the month of November. At this point the state owes us \$23,867.50 for Sept, Oct & Nov. It's really a great system. Long term the department should be in solid financial shape.

[**Update:** on the 9th the state deposited \$24,116.65 into our bank account...attached]

Grant 102 closes in December so I will submit for full reimbursement.

Other grant revenues are starting to arrive.

MARBLEHEAD COMMUNITY CHARTER

Payment History

Date Range Searched: From 12/8/20 To 12/9/20

Department(s) Searched: ALL

Number of Payment Lines Found: 3

[Understanding Payments History](#)

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Address ID: AD001---17 LIME ST MARBLEHEAD, MA

Payment Number: **343A0010864**

Payment Date: **12/9/2020**

| Department | Payment Ref. # | Contract Number | Line Amount | Check Amount |
|---|-------------------|----------------------|--------------------|--------------------|
| DOE - DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION | DOENUT202009SL-61 | SCDOE21758N70572112A | \$5,531.20 | \$5,531.20 |
| Check Description: NSLP; SL SEP20 CLM 1/0 | | | | |
| Penalty Interest Amount: - | | | | |
| DOE - DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION | DOENUT202010SL-60 | SCDOE21758G70532112A | \$18,336.30 | \$18,336.30 |
| Check Description: NSLP; SL OCT20 CLM 1/0 + SL NOV20 CLM 1/0 | | | | |
| Penalty Interest Amount: - | | | | |
| DOE - DEPARTMENT OF ELEMENTARY & SECONDARY EDUCATION | DOENUT202010SL-62 | SCDOE21758Z70531909A | \$249.15 | \$249.15 |
| Check Description: State Matc; SL OCT20 CLM 1/0 + SL NOV20 CLM 1/0 + SL SEP20 CLM 1/0 | | | | |
| Penalty Interest Amount: - | | | | |
| Total Amount | | | \$24,116.65 | \$24,116.65 |

Address ID: AD001---17 LIME ST Total: \$24,116.65 \$24,116.65