



Redesign Schools Louisiana

Minutes

Finance Committee Meeting

Date and Time

Tuesday February 23, 2021 at 5:30 PM

Location

Via Zoom: <https://zoom.us/j/98883036532?pwd=THZUdHdGSWY3UURtZGFjRIIERWhRZz09>

Password: RSL

Committee Members Present

A. McGaha (remote), G. Pope (remote), M. Mullen (remote), N. Gillam (remote), P. Baldwin (remote)

Committee Members Absent

J. Miller, R. Orso

Guests Present

A. Beck (remote), C. Knotts (remote), I. Divinity (remote), Ivionne Divinity (remote), Justin Chatelain (remote), Kiumars Arzani (remote), T. Rivera (remote)

I. Opening Items

A. Call the Meeting to Order

A. McGaha called a meeting of the Finance Committee of Redesign Schools Louisiana to order on Tuesday Feb 23, 2021 at 5:30 PM.

B. Record Attendance

C. Public comment on Agenda

At this time, there were no public comments on the agenda.

II. Finance

A. 2019-2020 Audit Presentation

At this time, P. Andoh, Independent Auditor briefed the board on the 2019-2020 audit status and not a presentation.

Phases of audit

1. Planning phase
2. Fieldwork phase
3. Report a draft and presentation phase

Working as hard as possible to complete this audit. We obtained an extension for the audit through the Covid disaster declaration through March 31st, 2021. P.Andoh advised the board that his estimated date of completion would be within 60 days; April 30, 2021.

Areas of concern:

1. Revenue
2. On-going operating deficit
3. FEMA

A. McGaha inquired as to why COVID is the reason for the delay in the audit completion. P. Andoh advised that COVID is not necessarily the reason but because COVID has affected everyone in one way or another it's a declared disaster. Using the extension for the COVID disaster declaration will not cause an audit finding on the report. A.McGaha inquired as to what caused the delay with the fieldwork and P.Andoh advised that the associated information requested was just received. A.Beck advised that she doesn't feel comfortable with her name being on the extension. A.McGaha advised the board that she's familiar with extensions and that this is usually requested if there is an issue. A. McGaha asked A.Beck who should be answering about the extension and she advised it should be C.Knotts. CKnotts advised the board that I Divinity can include any comment as we work collaboratively with CSMC. COVID has impacted all kinds of things, all kinds of new funding that have come in and have impacted the finances, and this extension was discussed in the November meeting and talked about it again at the January board meeting to let everyone know and keep you all posted on the process. Certainly, COVID has impacted all of us in terms of timing of things and so, having that opportunity and utilizing it to ensure we have all the time we can to ensure a thorough and quality audit.

At this time, I. Divinity advised she had nothing to add but wanted to voice concern as to the multiple things that have happened over the last 8 months. We had a lot of requests from finance and a lot of additional information was asked for. Many items that usually don't get asked for. So every time something is asked for, it is time that is taken away would procedurally be dedicated to the audit matters. Not to say RSL can't make a request, but do understand that every time a large response is requested it takes time away from pending that items that could have been getting worked on. There has been a lot of drilling into finance over the last 8 months that adds a lot more project to finance, that usually would have not taken place during that time period. A. McGaha asked if it is due to a lack of resources to get the work done. A. McGaha advised that they haven't asked for anything that is unusual like budget variance explanations. I. Divinity advised that the budget was revised like 7 or 8 times during this entire process and usually the budget gets revised 2-3 times a year. A. Beck advised that it's a part of finance especially when there are things going on. A. Beck- her issue is that the audit is from 2019-June 2020 and items should be ready to submit. I. Divinity advised that she understands however, she will not submit items to the auditor that they feel are not ready to go. A. McGaha commented that it seems that we don't have the right resources to get the financials done because RSL has not made a lot of unusual requests.

I. Divinity let A. McGaha know that it's possible she's not included in all of the requests and will not go into digging into the multitude of emails she receives in 1 week but there are a lot of unusual requests that some people are not privy to. G. Pope asked I. Divinity as to what is an example of an unusual request. I. Divinity advised that normally things that normally would not have been asked for during this season, during which they would have had time to prepare more and get things done for the audit. One, the amount of finance committee meetings, we have never had this many ever. We typically have them once every other month, and we've been having them once a month and sometimes twice a month and so every time you asked for something to be prepared for an additional meeting; that is time taken away. We also dug into AP went through every AP transaction on the general ledger if something was asked for in relation to that because that is what was being looked into at the time, not sure what was happening within RSL. This is where we are. A. Beck advised that payment of vendors is important and that it's a day-to-day operation of a business. I. Divinity advised of the extent of requests from A. Beck requiring extensive research and had no further comment.

A. McGaha commented that as the finance committee chair, her biggest concern is that no one notified the board that this was an issue. A. McGaha asked about expecting audit problems or going concern opinion issues. I. Divinity advised the board that she has expressed going concerns on multiple meetings and everything that P. Andoh briefed the board on is the same thing she has discussed in previous committee meetings. A. McGaha asked P. Andoh to comment on a school and how every year is a going concern because the schools wait for funding to pay for expenses. P. Andoh explained the difference between a cash flow issue and a going concern. A cashflow issue is aligned with time and how funding is received; a lot of organizations open up a line of credit and

that usually helps with cashflow. When you have continuous operating losses, at some point it eats away at your net assets. Last year the deficit was 1.2 million other than Glen Oaks because it was a new school. P. Andoh suggested that the board brainstorm on action plans to manage that process.

B. January 2021 Unaudited Financials

At this time, I.Divinity advised the board that because 30 transactions are still in the AP pipeline she doesn't feel comfortable making a full presentation. However, what was provided to the board is true and accurate through 2/22/2021.

M.Mullen asked about the salaries and the biggest difference she saw was on Glen Oaks, and asked if it was due to an open position or was it placed in a line item. I. Divinity advised that all the reclass are reflected in the current salaries.

A discussion ensued over the unaudited financials and I.Divinity advised that a budget amendment will be required especially because of the additional funding that came in and ESSER. A. McGaha advised that she will advise the rest of the board that they defer any approval of the January 2021 financial statements.

C. Attestation of Nov 2020 and Dec 2020 Financial Reconciliations

A. McGaha briefed the board that this was a request from the finance committee to have C.Knotts and A.Beck review cash reconciliations. A. Beck briefed the board that after reviewing she was seeing 341 thousand dollars that were not reconciled from the GL to the chase account, looked in the documents to see if it was adjusted there and advised she cannot attest to November and December, however, looked into Charter Vision and saw that the 341 thousand was reconciled from October in January and it was resolved. I. Divinity advised that she would be double-checking because funds cannot go unreconciled for that amount of time. I.Divinity to discuss with A.Beck.

D. ESSER II Funding Discussion

A. Beck briefed the board on the ESSER funds that will be made available to the schools. M. Mullen inquired as to how the funds will need to be expended. A. Beck advised that the money will be made available in March 2021 and the next one will be made available on February of 2022. I.Divinity briefed the board that in relation to the CARES act bill that was passed, it was a specific allocation that was given to the state, and the state rationed it out based on need, which is why Dalton is higher.

III. Closing Items

A. Next finance committee meeting: Tuesday, March 16, 2021 @ 5:30pm

A. McGaha briefed the board that they are willing to meet before 3/16/2021 if the auditors need additional information of have updates and they will make themselves available to meet.

B. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:24 PM.

Respectfully Submitted,
T. Rivera

Documents used during the meeting

- Unaudited Financial Statements January 31, 2021.pdf
- Celerity at Glen Oaks Middle School.pdf
- Celerity Dalton Charter School.pdf
- Celerity Lanier Charter School.pdf