APPROVED

Next Generation Charter Schools

Minutes

MetLCS Board - Monthly Finance Call

Date and Time
Thursday February 20, 2020 at 4:05 PM

Location
813.967.8308 passcode 74216

Mission

We prepare our students for college through a rigorous arts-infused program.

Vision

All students will be taught by a highly effective teacher in a nurturing environment and will achieve at high levels. Each student will develop the knowledge, skills and values necessary for responsible citizenship and life-long learning. The impact of our collective efforts will fundamentally change public education.

Committee Members Present
S. Pressley (remote), T. Bryan (remote)

Committee Members Absent
A. Bothner, K. Brisseau

Guests Present
B. Elliott (remote), C. Russell (remote), Jerome Ballard, K. Davidson (remote), K. McGuire (remote), M. Rousseau (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

S. Pressley called a meeting of the Finance Committee of Next Generation Charter Schools to order on Thursday Feb 20, 2020 at 4:08 PM.

C.

Approve Minutes

II. Finance Updates

A. Finance Updates

Cash on hand which includes the investment is just under $7 million with about $32,000 expenses per day which gives the school sufficient cash on hand. The debt service ratio is in strong position (the necessary ratio is 1.1). This is favorable for the bond covenants.

Looking at the income statement, the amended budget for 629 scholars was prepared upon reviewing billing for the first several months of the year.

Enrollment over the last period has been approximately 642 meaning income would exceed what was budgeted.

The professional services category is running high due to quarterly billing rather than monthly billing.

One line item that was not mentioned in the report that should be discussed is the lease assistance. Courtney Russell reached out to the DOE to inquire about the discrepancy. The DOE needed to adjust their calculation and the school school see the additional and appropriate lease assistance amount for scholars in grades 6 - 11.

Income for federal sources is showing higher than what was budgeted. The FY19 grant run two months into the fiscal year (July 1 through August 31) so the expenses on the grant for July and August were not accrued at the end of FY19 so this is showing as running higher year to date versus the budget.

Shanta Pressley asked about Title II, III, and IV. Mary Beth Rousseau shared there were no expenses yet recorded for those Title funds so that is not yet recognized in the report. Brent Elliott shared that by the end of the year 80 - 85% of the funds should be utilized; there may also be some carry over.

Staffing is running lower than what the budget is. This may be due to openings in staffing the school currently has. There are also some savings in the taxes and benefits categories.

When compared to the annual, the instructional salaries will be lower as three payrolls are accrued over the summer; this will take place in June. This is why the percentage of staff expenditures is a lower percentage of the overall budget In the non-staffing expenses, staff development and recruitment is running high. That is not unusual for this time of the year.

Assets to be capitalized include the computer lab.

There is nothing critical to highlight on the balance sheet.

III. Investment Account Updates

A. Investment Account Updates

The school is at $152,000 in interest between the change in account and interest earned.

The sub-committee should have received the annual investment report that will be presented this month.

The sub-committee will need to develop a strategy to develop their goals for the year. This was performance against the goals can be discussed.

For May to December of 2019, $5 million was invested. It performed at 3%. The school was able to have unrecognized gains. The rate of return for cash was 1% and for long term investments was at 3.8%. The call with JP Morgan included conversation about having investments in corporate bonds; we will not likely see the 3.8% again without any adjustments. However the sub-committee may choose to make adjustments to help speed up the growth.

For the asset allocation, 14% cash, 12% short-term, and 74% is in long-term investments. The school is full compliance with Board-approved policy. All investments were in US securities or treasuries.

Reinvestment took place into government-backed securities.

IV. Other Business

A. Other Business

LHA Finance sent two budgets to the sub-committee for the review and consideration; one scenario includes Met remaining in its current space for K - 12. The other scenario includes K - 8 remaining in its current space as well as grades 9 - 12 moving to an alternative space.

For the alternative space, the budget was based on 736 scholars and 46 scholars with IEPs. There may be additional revenue due to increased enrollment, rental assistance for grades 6 and up, etc.

For total revenues for the space, that would be approximately $15.4 million in revenues.

With staff expenditures, for the Lower Academy 2.0 teachers were removed whereas at the 9 - 12 2.0 teachers were added to account for the addition of 12th grade. Additional changes were made to the staffing models of each school K - 8 and 9 - 12.

For staff development, additional funds were added here and for staff recruitment, NYU residency fees, professional services, computer support, student information systems, and substitute services.

There were decreases in curriculum and classroom supplies at both the K - 8 and 9 - 12.

Additional changes in the budget were discussed.

For GAAP there is $155,000. The debt service ratio meets the requirement (1.99). According to the Board's 3% surplus, this budget meets expectations.

LHA Finance is working to have the multi-year projection for the Board and this will be shared prior to next week's Board meeting.

LHA Finance and Principal Davidson shared concerns about increasing enrollment by the standard 52 (12th grade) scholars if the 9 - 12 did not move; essentially there is a concern that in the current building it would be extremely challenging if not possible to add 52 more scholars in the current space.

Principal Davidson shared that his strong preference is for the alternative space for the MetCPA.

Karin McGuire talked about the potential impact on scholar retention if the school were to pursue the alternative space. Additionally the new space would allow additional opportunity for internships given the location in the business hub of the Bronx as opposed to the current space. One partnership the school is exploring would allow the school to pursue this in the current space. The alternative space is in very close proximity to the subway as opposed to the current space which is not as easily accessible. Additionally there are some school culture implications to have the older and younger scholars remain in the same school in the future.

The group discussed the projections for the budget for the alternative space.

V. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 5:00 PM.

Respectfully Submitted,

C. Russell