

Spero Academy Finance Committee Minutes - August 2020

Meeting Date:

8/18/2020 5:15pm (Online-WebEx Meeting)

Attendees:

Chipp Windham
Karen Marshall
Jim Lawrence
Diane Pangal

Absent:

Kelly Tiedemann

Discussion/Action Items:

- 1. Spero Academy Preliminary June 2020 Financial Report** - The Finance Committee will review the Preliminary June 2020 Financial Report. Adjustments may be made to this fiscal year-end financials prior to the audit. Spero's total Fund Balance balance at 6/30/2020 was \$1,485,773. This includes the \$128,285 Reserved fund balance for MA billing plus \$244,062 in YTD MA billing Surplus (\$372,347 combined). Cash and investments were \$1,120,858 at 6/30/2020. Accounts Receivable of \$5,813 reflects the IRS refund of the repealed UBI "parking lot" tax which was requested on the amended tax return (990-T) filed in May. The \$50,025 listed as "due from building company" includes \$25 for the Friends of Spero 990 filing fee and \$50,000 down payment on the land purchase for the Shoreview site. The Current year State-aids Receivable balance of \$454,325 is an estimate of FY20 revenue due to Spero by MDE YTD based on the 10% hold-back. Prior year State-aids Receivable of \$107,586 is the estimated amount MDE still owes Spero for FY19. This was part of the audited receivable calculation from FY2019. Jenny will be reviewing the State's calculation prior to this year's audit. Total YTD Revenues through 12 months were \$8,716,154 (98% of YTD Budget) with YTD Expenditures of \$8,526,671 (96% of YTD Budget) for a YTD Net Income of \$189,484. The Food Service Fund reflects transfer from the General Fund to cover the net shortfall of (\$54,579) which was 117% of YTD budget deficit. ADM count was 138 vs. 140 budgeted and the percentage of SPED Membership Hours was (92.5%) through June.
- 2. Discussion on Contingency Planning** - The Committee will discuss potential financial impacts on Spero of various recent and upcoming change factors and what may need to be anticipated in the budget and spending.
 - a. Covid-19 impacts** on school enrollment and expenditures - Thoughts from Jenny Abbs: Ensure "1:1 Technology is available for students to keep Spero competitive with other schools. Anticipate replacement costs of damaged equipment." - The school has made purchases that should meet this goal. Importance of

“maintaining the 90% SPED population” - As of now, the enrollment is at 138 students, compared to 148 which was budgeted. The ratio of SPED students remains above 90%.

“Planning if staff is out for illness. Some schools are hiring additional staff now so that they are essentially over-staffed in anticipation of folks being out.” - Currently there are 10 fewer paraprofessional staff than budgeted and the Art Director is leaving. The lower income due to fewer overall students should be offset by the cost of the Art Director position. With Spero’s plan to begin the year with distance learning and transition to a hybrid model, Diane believes that staffing is adequate at this point within the budget.

- b. **Residual Shoreview expansion expenses** - The \$50k earnest money for the Shoreview property should be refundable. The property seller has been notified verbally of the purchase cancellation, and formal notification is in process. Donna has been informed by Kou Vang that we don’t owe him any fees on his work for the expansion project. She will confirm with him whether any fees are owed to any other partners (architect, engineer, etc...). Donna is still waiting for Craig Kepler to get back to her on what attorney fees have been incurred. Chipp will also follow up on this tomorrow.

Some staffing positions were already modified at the start of this school year in anticipation of future expansion. Decisions will need to be made by the administration on which of these staffing and organizational chart changes may need to be revised given the postponement of expansion.
 - c. **Upcoming school leadership transition** - From Jenny: “Maintain a strong finance committee. It will be important to set some parameters for the new Director on how spending is approved and when they have discretion or when they need to bring it to the group.” Jenny is willing to assist the new Director in understanding what is in the budget. - Diane has a meeting scheduled with Jenny to go over the budget and school finances in advance of taking over Interim Director duties.
3. **Other** - The July and August financial reports will be combined (as was done last year) and will be available for review at next month’s meeting.