

Ocean Charter Finance Committee Meeting minutes

April 17, 2023

Committee members in attendance: Stephanie Edwards, Tammy Stanton, Debbie Tripp, Amanda Ferry, Kristy Mack-Fett

Committee members absent: Dan Wierzba

Community Member in attendance: Ayanthy Peris, ExED, Maryangee Cano, Ocean Charter School

Called to order: 3:41PM

1. Open Forum

- a. Congratulations to the silent auction team, well done!

2. Meeting Minutes

- a. Stephanie Edwards made the motion to approve the 03/07/23 finance committee meeting minutes, and Kristy Mackfett seconded the motion. Yes Vote – Kristy Mack-Fett, Stephanie Edwards, Tammy Stanton, Amanda Ferry and Debbie Trip, No Vote – None, Motion passes.

3. Discussion of Silicon Valley Bank Closure and Nvoicepay

- a. ExED, the OCS back office provider, contracts with Nvoicepay to process accounts payable. Nvoicepay banked with Silicon Valley Bank. When the Silicon Valley Bank closure occurred ExED coordinated with Nvoicepay to process AP directly from the OCS operating account vs Nvoicepay's bank.
- b. The federal reserve action made it possible for all payments to be covered
- c. At the time of the bank closure ~\$62K of AP was outstanding from Nvoicepay checks issued via Silicon Valley Bank.
- d. Six AP payments totaling ~\$7k continue to not yet clear the bank. Nvoicepay did make the payments. Should they not clear as of 60-days from issue date Nvoicepay will return the stale dated amount of cash to OCS.

4. Review and possible approval of draft federal and state tax returns for Ocean Charter School year ending 06/30/22

- a. Reviewed IRS 990, page 7 details the audited financials compared to the prior year as a comparison.
- b. Reviewed disclosures.
- c. Reviewed Board Roster.
- d. Reviewed Contributions 45K – one correction to be made to ensure the family that donated the library furniture is added to the donor's AFG amount.
- e. Kristy Mackfett moved to approve the tax return draft as amended for review and possible approval by the OCS governing board, and Debbie Tripp seconded the motion. Yes Vote – Kristy Mack-Fett, Stephanie Edwards, Tammy Stanton, Amanda Ferry and Debbie Trip, No Vote – None, Motion passes.

5. Review current year financials,

- a. Jan 2023 financials were reviewed and discussed.
- b. Enrollment 565 (Month 7), which is 7 students more than budget; however, forecast assumes a conservative enrollment count of 558.

- c. Forecasted ADA is (8.88) below budget.
 - d. Forecasted operating net-income: \$461,804.
 - 1. The January forecast does not assume the Gov's proposed current year reduction to the Arts, Music and Instructional Materials Block Grant of 35% (should legislature approve the reduction it will occur on the reduction will occur in the 23-24 year).
 - b. Fundraising Assumption \$10K greater than the board approved budget.
 - 1. Budgeted fundraising \$291K.
 - 2. Assumes actuals of \$396K
 - 3. Gala actuals will be reported via the upcoming April financials.
 - e. Debt Service Coverage Ratio: Forecast assumes 1.35 and requires a minimum EBITDA of \$610K.
 - 1. The March forecast indicates EBITDA of \$631K
 - f. Forecasted Cash
 - 1. Operating \$1.193M which represents a 16.5% reserve and is not inclusive of the restricted facility project cash
 - 2. Facility Project Restricted cash \$364K
 - g. Debt Balance Forecasted 06/30/23 Balance: \$11,218,135
 - 1. Facility Loan ~\$10M
 - 2. Prop 39 over-allocation ~\$1M
- 6. Review and discussion of two budget versions (one version assumes 35% reduction to Arts, Music, and Instructional Materials Block Grant)**
- a. Enrollment 558
 - b. COLA 8.13%
 - c. Expense COLA 8.13%
 - d. Salary 2.5%
 - e. STRS employer rate 19.1%
 - f. Over allocation fee assumed \$148K
 - g. Fundraising assumption \$396K per the March actuals
 - h. Both models achieve DSCR
 - i. Kept aftercare and enrichment assumes \$429K the same rate as 22-23 forecast (March actuals \$378K)
 - j. Reductions made to one-time positions previously funded with COVID and Learning Loss: Keeping TK-Kinder aides and 6 other aides which are a combination of intervention and classroom assistant – maintain 10 aides out of 22 aides.
 - k. Reduction of classified aides represents 44% cost reduction
- 7. Not in the budget: Facility including Gym Rental revenue**
- 8. What is in the budget:**
- a. PTE safety and maintenance to handle evening and weekends facility use
 - b. Waldorf summer training, internal/external mentors
 - c. specialties program assumes 2 with credential at rates that reflect credential rates (all new hires must have credential; any existing employees need to be enrolled June 30, 2024)

9. Grant Sheet

- a. Reviewed Grant balances during budget review – the remaining categories for 23-24 include annual ELOP and the balance of educator effectiveness.

10. Reviewed Multi-Year Projections – 3-yr model

- a. Assumes SSC Rates
- b. 35% reduction of the Arts, Music, and Inst Materials Block Grant
- c. Starting 24-25 do not meet the EBITDA – will address the out-years after May Revise is released

11. Adjourned meeting: 4:49 pm