

Gettysburg Montessori Charter School Finance Committee Meeting

August 19, 2023 at 3:30pm

ID: 89216669437

Passcode: 9k6cDd

3:30pm Meeting called to order

- No financial committee meeting was held last month due to cancellation of July public monthly board meeting and closure of '22-'23 FY Budget that could wait to be discussed this month

3:30pm Introduction of Members and guests

- Dr. Faye Pleso, CEO
- Jesse Bean, Charter Choices business manager
- Becky Uppercue, Board Treasurer

3:34pm Review of June Financial Statements

- Total Current Assets have grown by \$364K since June 30th due to an increase in Cash (\$1.9M at 06/30) and a healthy 22-23 budget surplus
- Total Current Liabilities at June 30th have increased by \$66K due to combined increases in Accounts Payable (now \$107K) and Accrued Payroll (now \$163K)
- The school's construction loan from Members 1st is reflected as a Long-Term Liability of \$3,905,398 on the Balance Sheet
- The school's Key Performance (financial health) Indicators are all healthy and continuing to trend positively, with short-term data points such as Margin (6.4%), Current Ratio (6.6) and Days COH (161), as well as long-term figures such as Fund Balance (35.7%) and Debt Ratio (54.6%) all exceeding suggested benchmarks

Budget vs. Actual

- After twelve months of 22-23 budget activity (06/30), District Revenues of \$4.2M came in over budget (by \$184K) due to growth in both enrollment (now 277) and district tuition rates
- The school also received \$59K in State Funding and \$302K in Federal Funding
- Total Expenses of \$4.4M were over budget by \$134K at year-end. This is largely attributable to variances on Personnel (+\$39K), Supplies (+\$49K) and Professional Services (+\$119K), partially offset by reduced expense on Property Services (-\$105K)
- GMCS finished the 22-23 fiscal year with a surplus of \$298,151 and has grown its Fund Balance to nearly \$1.7M. Please note that the June 30, 2023 numbers are preliminary and will likely change for additional accruals of expenses, state revenues and federal revenues

3:41pm

New Business

❖ **5 year feasibility study to include 7/8th grades**

- Jesse and Dr. Pleso discussed our on-going 5-year feasibility study regarding adding 7/8th grades as routinely requested in parent surveys and verbally by GMCS families
- Over the past 6 months, Dr. Pleso has worked with Digsau (architect that designed building addition completed in 2021), who has come out to fully assess our school site and adjacent property prospectively for sale across from our current school property that houses a church and other out buildings
- Following full property assessment, Digsau indicated that the church building is not structurally sound thus would require an entire re-build
- Dr. Pleso subsequently spoke with Bob Sharra, local civil engineer, who indicated that the previous limited amount of impervious ground that we could use on current 13 acre property was actually related to the previous building project limits, but now that project is complete and closed, there is actually 10 times as much available, nearly 100k, allowing us to consider other building projects on our 13 acre property
- Dr. Pleso discussed this with Digsau and they presented possible building plans to include 7/8th grade classrooms and related staff/student areas; given the drastically increased prices of construction materials since our last building project of \$4 million, the building design and related costs proposed by Digsau to prospectively complete on our current property would cost \$8.5 million
- Jesse attempted a prospective budget for addition of 7/8th grade staff (approximately \$100k/year) in addition to related building and operating costs, which he reviewed with committee members; he concluded that it is not feasible to build and incur more debts related to a new building plus nearly \$1k in payroll “because there will not be enough students to financially support the growth”
- Becky will present this information to Board members and public in our monthly Board meeting next week, agreeing study has been completed with open mindedness and full due diligence before coming to this outcome; Jesse will also be in attendance to answer any related questions as well as to review end of FY '22-'23 budget

❖ **Employee Retention Credit (ERC) grant**

- Dr. Pleso reported recent receipt of checks from IRS totalling approximately \$614k, wishing to consult on how to proceed with them
- For background- Dr. Pleso has previously shared with the group that she had met an attorney from Pittsburgh at last year's PCPS convention, Michael Williams, who recognized he/his firm had helped several PA schools apply for and successfully receive refunds from IRS under the Employee Retention Credit related to Covid recovery; he agreed to support GMCS in applying for these credits with his firm keeping 10% for representation

- Given uncertainty after further review as to whether or not we qualify for this grant/refund after receiving other Covid-related grants in previous years
- Dr. Pleso will continue to do further research and follow up with our school attorney and financial auditor, SEK, to assure we are fully eligible for these funds before fully incorporating in our assets and budget
- The \$614k received by IRS will be placed into an account not accounted for in our current budget to accrue interest in the meantime
- Jesse reported "Charter Choices has no specific opinion nor advice" given this is not a grant they are fully familiar with

4:00pm **No Public Comments**

4:00pm **Meeting Adjourned**