

Finance Committee Report

10/7/13

Budget

Reviewed the revised budget which contains negative variances (from adopted/submitted budget) totaling approximately \$245k. It appears that the majority of the variances were due to 1) \$154k reduction in revenue associated with lower head count (25 funded count) and 2) \$102k in higher expenses. \$57k of the higher expenses are associated with C&B of which about half (\$23k) for addition of specialists (reading, math, etc) and \$26k for the addition of Summer Camp (which there would be offsetting revenue). The remainder of increased expenses varied including +\$13.8k in supplies, +\$14.5k increased FUTA, etc.

We discussed considering adding additional conservatism in future projections of head count.

In spite of the variances which we believe are reasonably explainable, the committee recommends the approval of the Revised Budget.

Highmark Response

We plan to continue to explore the viability of a financing arrangement with HighMark.

Financial Statement Review

The financial statements appeared to be in line with expectations and the committee recommends the approval of those financials.

Financial Accounting and Reporting Policies and Procedures

The committee reviewed the proposed changes and additions to abovementioned P&Ps. The most significant question was regarding language under the "Collections" section. Under "Student Fees and Other Balances Owed", section 2 [also tied to "Full-day Kindergarten", section 2], there is language attempting to tie a family's ability to re-enroll for the subsequent school year to their obligation to clear outstanding balances. It is believed that this may not be legal let alone enforceable. We need to obtain an opinion regarding the appropriateness of including any such provision. Provided this is disallowed, we may instead include a policy to send those unresolved accounts to outside collections even if the families are still enrolled.

Audit

Discussed completed audit. Appears that results were good. Briefly discussed the outstanding question as to whether it is ultimately more appropriate to capitalize the facility lease or not. To be determined.