**Aprender Tucson**

**Southside Community School**

**2701 South Campbell Avenue**

**Tucson, AZ 85713**

**Board Meeting Minutes**

**Held Wednesday, April 20, 2022 at 11:00am**

**Board Members Present:**

Christine Curtis, Board President – video conference

Melissa Costa, Board Member – video conference

James Christopher, Board Member – telephonic

Eleonor Francis, Board Member – video conference

David Gill, Board Member - telephonic

**Absent:**

None

**Others Present:**

Molly Gannon, Principal – video conference

Mikayla Hoffmann, Finance Manager – video conference

Mara Mann, Accountant

1. **Call to Order.** The meeting was called to order by Ms. Curtis at 11:06 am.
2. **Accept FY2021 Single Audit Package and Legal Compliance Questionnaire by roll call vote.** Ms. Mann asked whether all board members had the opportunity to review the financial statements and offered to answer any questions or provide clarifying information. She recommended always ensuring a ten-day window to review all budget documents in advance of meetings. The single audit, she explained, is required anytime an agency receives more than $750,000 in federal funding during the fiscal year.

David Gill joined at 11:16 a.m. by telephone.

Ms. Mann offered a summary of the independent auditor's report, confirming there were no findings on any financial statements, which had presented fairly in all material respects. The audit opinion component of the report includes a description of her processes. The Statement of Financial Position shows an increase in assets from FY2020 to FY2021 of approximately $250,000, as well as an increase in liabilities due to the solar loan. The Statement of Activities provides a summary of income and expenses for FY2020 and FY2021. Revenues in FY2021 increased from approximately $470,000 to $794,000 due to additional federal funding. Expenses over the two years show a loss in 2020 and a gain in 2021, which helped to reverse the prior year’s loss.

**Discussion:**

Ms. Leo inquired whether there were any advantages or disadvantages to having excess income. Mann responded that there was an expectation the organization not be in a deficit. Due to our non-profit status, she added, there will always be plenty of incoming and outgoing funds, however it was best practice to have more positive years than negative. Regarding accumulated funds, she recommended having a net asset and cash balance sufficient to last 30-90 days for years when there is lower funding. The strength of the school’s financial standing would also be evaluated by the state board.

Returning to the Statement of Functional Expense, Mann observed there was a very low ratio of administrative to programmatic costs. In FY2021 specifically, the admin ratio was 3%, with an overall programmatic ratio of 6.4%. Since less funding could be predicted in coming years, the school is in a healthy position to continue funding admin expenses. One notable change in admin costs was a large decrease in food services due to diminished services and/or participation during the pandemic and school closures.

The Statement of Cash Flow shows cash provided by operating activities (ie. Grants and state funding) vs. investing activities (ie. Solar) vs. financing activities (ie. Loans). At the end of the year, there was a total balance of about $425,000. She calculated with 2.8 million in total expenses, less depreciation, leaves about 2.6 million annually. Divided by 365 days shows we spend about $7,305 per day. Our current positive balance divided by the daily expense amount shows we have about 99 days cash on hand, which is a good place to be, though we should be careful not to fall too far below this.

The Notes to the Financial Statement begins with a Purpose of Organization, which shows when the organization was established and states it is under contract with the state charter. Note two includes a summary of significant accounting policies including net assets being stated either with or without donor restrictions, the school policy to capitalize property and equipment over $2,000, and fair value of accounting used for instruments. Note three addresses liquidity and availability of financial assets. Significant details included having $481,000 of non-restricted funds at the end of June 2021 available to use for general purposes, total property value of $649,000, with total actual value minus depreciation approximating three million. Mann summarized the current balance of long-term debt, loans and payment amortization schedules. Note six addresses net assets with donor restrictions. Note seven summarizes the retirement plan including requirements to participate and total amount expended (which had increased from 6% to 12%, which Mann noted was typical). Note eight covers commitments and contingent liabilities, including verbiage acknowledging the state could review and adjust or withhold equalization funds at any time. Note nine states that if the state has financial difficulty, the school would be affected since a significant percentage of our funding originates from them. Note twelve involves operational uncertainties, outlining the effects of COVID-19 on businesses. In this year, it confirms, the school conducted business under a situation of operational uncertainty. Note thirteen is comprised of subsequent events, however Mann noted that after financial statements, no additional significant events had needed to be reported.

Continuing her presentation, Mann shared that the Independent Auditor Report showed no material findings. The Schedule of Expenditures of Federal Awards shows the source and amounts of all federal grant awards, which Mann confirmed showed no problems with the compliance aspect, though admittedly she did not test every grant, but rather 33% of total grant funding.

The Legal Compliance Questionnaire also showed no areas of non-compliance, Mann continued. The auditor process of preparation involved obtaining sufficient evidence. Mann shared she had worked together with Tony Toro and Mikayla Hoffmann to gather evidence, as well as obtaining significant other information through routine audit processes. All employees, Mann confirmed, had fingerprint cards, the school had completed all necessary filings for the Department of Revenue, Corporate Commission, and had submitted all budget and financial reports in a timely manner. The audit process also involved reviewing student files to ensure 45-day screeners and IEPs were complete, ensuring SPED staff were appropriately certified, and that the Classroom Site Fund had properly allocated and utilized funds, including requirements for all three project areas. She had also checked to ensure any remaining CSF funds had been carried over and there was sufficient cash to cover the left-over amount. The audit also involved a review of attendance reporting, ensuring the required number of days had been offered and attendance processes were conducted in accordance with rules. Many required audit areas were not applicable to us. She tested to ensure students unenrolled for ten consecutive absences had been removed on the correct day, that uploads were completed in a timely manner, and that requirements for students being promoted were filled in properly. She also checked to see that open meeting law had been adhered to and accounted for all minutes. Finally, she confirmed the school had sufficient liability coverage and was not charging fees, and that all other documentation was complete and accounted for. Ultimately, the audit resulted in no findings.

**Motion:** Ms. Curtis conducted roll call to accept the FY2021 Single Audit Package and Legal Compliance Questionnaire.

In favor: Ms. Curtis, Mrs. Costa, Ms. Francis, Mr. Christopher, Mr. Gill

Opposed: None

1. **Approve SY23 Calendar.** Miss Gannon distributed the proposed SY23 calendar and provided a summary of important dates. The primary change to consider, Gannon directed, was whether to maintain the same daily schedule from 8:30 a.m to 2:45 p.m. or to extend dismissal time to either 3:00 p.m. or 3:30 p.m. Gannon shared the results of a survey with approximately 130 responses, mostly parents, of whom the majority had expressed a preference for school to end at 2:45 p.m.

**Discussion:**

Ms. Francis commented that, as a former instructor, she thought the best option was to end every day at 2:45 to maintain scheduling consistency and predictability for parents throughout the week. This would allow for more time in the afternoons when tutoring could occur, and eliminate early release Fridays that some found more difficult to manage. Mrs. Costa acknowledged the advantages of having a consistent daily schedule and predicted that Fridays would now be more productive, though she added that parent and staff preferences should hold the most weight on this issue. Ms. Curtis emphasized the importance of ensuring the schedule would allow the school to meet requirements for instructional time. Mr. Christopher asked whether parents had offered any feedback regarding the difficulty of picking up students at certain times of the day. Gannon responded they had not.

**Motion:** Ms. Francis moved to approve the SY23 calendar. Mr. Gill seconded.

In favor: Ms. Curtis, Mrs. Costa, Ms. Francis, Mr. Christopher, Mr. Gill

Opposed: None

1. **Call to the audience**

No discussion.

1. **Meeting adjourned at 12:22 p.m.**

Motion: Mr. Christopher moved to adjourn at 12:22 p.m. Ms. Francis seconded.

In favor: Ms. Curtis, Mrs. Costa, Ms. Francis, Mr. Christopher, Mr. Gill

Opposed: None