



Committee Report

Committee Name:	Budget & Finance
Date of Report:	8/18/2021
Written/submitted by:	Jennie Winter
Date of last meeting:	8/17/2021
Date of next meeting:	<p>9/22/2021, 5-6:30 pm,</p> <p>online: Please join my meeting from your computer, tablet or smartphone. https://www.gotomeet.me/diecisf/nova-classical-academy---finance-meeting</p> <p>You can also dial in using your phone. United States (Toll Free): 1 866 899 4679 United States: +1 (571) 317-3116</p> <p>Access Code: 408-910-245</p> <p>(Board members: please be aware that with four board members on the Budget & Finance committee, we are close to a six-person Board quorum. Should you visit a Budget and Finance meeting, please be prepared to sign off as needed to avoid breaking open meeting law. All other public are welcome to visit our meetings. Thank you.)</p>

Motions/Action Items for the	8/23/2021	Board Meeting	Goal
1. Please approve Nova treasurer and board member Sasha Ross as a new Finance and Budget Committee member.			N/A

We will write 2021-2022 goals after the board determines its goals.

2020 - 2021 Committee Goals

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Goal	Brief Update on Progress	Completed
1. Monitor and recommend 2020-21 budget revisions to Board of Directors for review and approval.	In January, committee recommended 2020-2021 revised budget for board approval. In August, committee recommended and board approved: <ul style="list-style-type: none">• Making new \$246,000 Covid line for Coronavirus Relief Fund spending• Moving \$60,000 from technology to a contingency fund.	Yes
2. Review and recommend 2021-22 budget, which includes five-year pro forma projections, to Board of Directors for review and approval.	FY22 Budget recommended for board approval in April, and five-year budget review expected during the summer, now that more funding information is available from the state.	No
3. Review and update financial controls.	This effort is complete, as determined by Brett Wedlund, ED and Joe Aliperto (Dieci). We now have a clear, detailed picture of Nova's financials and have made associated changes to the financial statements.	Yes
4. Finish the year within two percent of projected revenue and expenses.	On track.	No

Discussion:

Meeting highlights:

1. We did not have quorum, but we had a productive, informative meeting nonetheless.
2. **2020-2021 Financials:** Joe Aliperto informed the committee that Nova finished the 2021 fiscal year with roughly \$535,000 in Net Income and a healthy cash balance. We will see final numbers after the audit is completed this fall. Mr. Aliperto offered to compile a list of under-budget items from FY21, and Ms. Winter requested that the list include analysis related to what we can expect for future related expenses so that we can see 2020-21 under-budget items in context with when we may expect to meet budget in those areas going forward. There was discussion about the school not becoming complacent or over-zealous about spending savings in areas or in ways that the school may not be able to support in the future.
3. **Audit Update:** The audit is taking place a few months earlier than last year so that we can have audited information for the renewal process with our authorizer, Friends of Education. The renewal process starts in September. Preliminary audit work is done, and it appears that Nova will have a clean audit.
4. **July 2021 Financials:** These represent just one month of the fiscal year, and there are no big surprises. We can plan on roughly \$900,000 of state holdback funds to start coming in this fall,

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and we expect a positive net income in coming months. At the end of the fiscal year, we are projected to meet or exceed all three of our bond covenants and authorizer requirements of at least 60 days cash on hand, 25 percent fund balance and 1.1 debt service coverage ratio. See financials for details.

5. **Covid-related Funding:** Two new allowances are coming in for roughly \$220,000 additional coronavirus-related assistance from different programs that carry varying restrictions. Ms. Winter asked and Mr. Aliperto agreed to provide the committee and the board with a listing of all the Covid-related assistance that the school has received thus far and how it has or likely will be spent. We can expect to see this report from Mr. Aliperto in the coming months.
6. **Bond Refinance:** Given the upcoming refunding of a portion of Nova's bonds at lower rates, Friends of Nova will likely be increasing its building fund balance with monthly savings from lower debt service costs. This increased building fund balance will likely result in Friends of Nova coming to Nova for fewer capital maintenance expenses. Dr. Wedlund shared that Nova is benefiting from very good interest rates, and Ms. Winter pointed out and celebrated that several institutional investors are coming to the table to purchase our bonds, and this shows that Nova remains an attractive investment for bond holders. This is wonderful financial news for Nova, and it shows that outsiders looking in at Nova's operations to make investment decisions are giving Nova a sort of stamp of approval when they choose to invest their portfolios' dollars in Nova. Ms. Winter thanked Dr. Wedlund, Mr. Aliperto and their teams, and the committee for all their careful hard work to keep Nova on track in general - and for their lengthy and detailed hard work behind the scenes this summer preparing and submitting information for the refunding.
7. **Committee Goals:** We would like the board to know we are thinking of adding a new committee goal this year to develop a "large contracts calendar" that accounts for board review and approval requirements. We will also look at how we evaluate and measure committee goal achievement beyond a simple yes/no achievement assessment.
8. **Meeting Location:** There was discussion about continuing to meet online, and we will look at requirements. There was uncertainty since some schools are handling meetings differently from others.

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