

November 17, 2020

## VERITAS Finance Committee Minutes

Attendees: Gretchen Bottrill  
Lindsay Betzel  
Ed Ritter (absent)  
Michael Silver  
Cat Choudry (absent)  
Angela Carbonaro (absent)

1. Michael reached out to Tracy Banker at the Challenge Foundation to introduce Angela and to make arrangements to allow Angela to make draws on our line of credit in her capacity as bookkeeper. Tracy noted that the Challenge Foundation has changed accounting systems since our last draw and she needs to get back to Michael with the new draw procedures.
  - a. Michael made a \$45K deposit to the BB&T account on November 12.
2. Michael confirmed that our 20 day ADM is 130 students.
  - a. We have had 11 students enroll subsequent to the calculation of the ADM.
  - b. VERITAS bills CMS \$343.31 per month for each student that resides within CMS's attendance zone. We bill on a nine-month cycle.
3. We discussed changing the terms of Angela's contract with VERITAS. The original scope of Angela's work was to include payroll, benefits, and things like credit card reimbursements. Her duties have expanded considerably to include interactions with Acadia.
  - a. Gretchen told Michael that she believes VERITAS is required to use Acadia given the terms of its agreement with the Challenge Foundation. She asked Michael to confirm this with Tracy Banker when he speaks with her later this week. The contract with Acadia is approximately \$15K/year.
  - b. Angela is currently working more hours than planned on behalf of VERITAS, making her hourly pay break down to \$12.50 an hour. Gretchen will reach out to Jaimie to determine how to pay Angela more fairly.
4. Reviewed the revenue and expense categories line-by-line to determine what adjustments should be made to the 2020/2021 budget going forward. Gretchen will make the following changes:
  1. The name of the first tab will be changed to "REVISED." This worksheet will show the original budget approved by the board in June 2020, the actual results through October 30, 2020, the annualization of the October 30<sup>th</sup> results, and then a proposed revision to the budget.
    - a. Gretchen will hard-code the state revenue to \$837K given the 20 day ADM of 130.
    - b. Projected revenue from CMS will be revised up by about 30%, to \$428K. This is a function of the following:
      - In our original forecast, Mark had forecast a 10% reduction in our reimbursement rate from CMS which did not come to pass.

- ADM of 130 at \$343.31 each per month for nine months.
  - An additional 11 children at \$343.31 each per month for seven months.
- c. Total revenue will increase almost \$200K related to these changes.
  - d. We will increase the salaries and benefits categories due to the annualization of the previous quarter's actual expense levels. Personnel expense will increase by roughly \$150K in this scenario, reflecting the addition of two teachers and the continued employment of Mark Chudzicki (the original budget assumed he would be terminated in June 2020).
  - e. Annual debt service will be increased to reflect the monthly principal payments to the Challenge Foundation (\$7.5K/month).
  - f. Gretchen will send an email to Toni Porter at Acadia asking for additional information about how our general liability and workers compensation insurance is billed, as well as where our smartboard leases are reflected. We may need to make some additional changes to the budget based on her answers.
5. With the higher ADM and revenues from CMS, we will now reflect a net surplus of \$14K. This assumes \$100K of loan proceeds and \$75K of fundraising.
  6. The Daniels family has been paying our marketing consultant out of pocket and we are reporting their contribution "in kind." Because the marketing consultant expense is not currently reflected in the budget, we have to be careful to correctly reflect their donations separate from the \$75K fundraising goal that was used to balance the original budget.
  7. Gretchen will bring the Finance Committee back together the week after Thanksgiving to discuss the new revisions and finalize submission of a revised budget to the full board in December.