



## **FGCS Board of Directors**

May 13, 2019 Meeting

### **Board Members Present**

Bob Hatt, Chair

Anita Zijdemans-Boudreau, Vice Chair

Robbie Pock, Treasurer

Steve Molin, Secretary

Roger Neyman, member

### **Board Members Absent**

None

### **Staff Members Present**

Vanessa Gray, Principal

Karen Torry, Director of School Operations

### **Community Members Present**

Wynter Kaiser, FGCS parent

Mackenzie Carey, FGCS parent

Brooke Harris, FGCS parent

The meeting was called to order at 6:34 p.m.

**Presentation/Hans Graichen, Pauly Rogers & Co.:** Vanessa invited Hans to talk to the Board about being good financial stewards and, specifically, how to read financial reports. Hans provided a written report explaining the types of ratios that the Board may want to consider in assessing the financial health of a public charter school.

He first explained current ratio, which is current assets divided by current liabilities and indicates ability to meet current obligations. Current ratio of less than 1.0 is a serious financial health risk. He then explained unrestricted days cash, which is a near-term indicator; ratio of below 30 is a risk factor. He also explained Average Daily Membership (enrollment) Variance as another near-term indicator; ideally, first month of one year to

first month of prior year should be at least ratio of 1, meaning equal to if not higher than prior year. Debt default is another near-term indicator; typically, a lender will notify a borrower by letter that the borrow is in default or not in compliance with covenants. Vanessa reported that she had she was notified verbally, in a meeting with a representative of the bank carrying our loan, that FGCS was out of compliance with a covenant tied to the loan. The covenant required a particular operating cash flow ratio that FGCS did not meet last year because of several significant one-time costs related to major repairs to the building and costs of refinancing the loan. The bank has indicated that it does not have serious concerns about the period of non-compliance. Hans then explained the measure of revenue over expenditures as another near-term indicator. He explained total margin, which is a 'sustainability indicator' that measures the deficit or surplus a school yields out of its total revenues. He explained debt service coverage ratio, a sustainability indicator of a school's ability to cover its debt obligations in the current year. Finally, he explained the unassigned governmental fund balance ratio, another sustainability factor. Hans stressed that the Board is not expected to use all of these ratios to assess the financial health of the school, but recommended that they choose a few that they find useful.

### **Discussion Items**

- Proposed 2019-20 Budget: Vanessa reviewed changes to the proposed budget in both revenue and expenses. Vanessa invited Board members to contact her with any questions about the budget. The Board will vote on the budget in June.
- Administrator Evaluation: Anita shared the principal evaluation with staff and Board via Google Form and set June 7th as the deadline for everyone to submit the form.

### **Voting Items**

- Board Election: Steve moved to re-elect Roger Neyman to another 2-year term as a member of the Board. Anita seconded the motion. The motion was approved 4-0.
- April Board Minutes: Steve moved to approve the minutes; Bob seconded the motion. The motion carried 5-0.

### **Calendar Items**

- Bites Restaurant Fundraiser May 28
- Final day of school is June 7.

The next Board meeting will be Mon., June 10 at 6:30 p.m.