**Cornerstone Classical Academy**

**Oct 26, 2021, 4:00pm**
**Audit and Financial Oversight Committee**
**Meeting Minutes**

**Hybrid Meeting held at 2360 St. Johns Bluff Road, Jacksonville, FL 32246
AND**

 **Virtual Location:**[Click here to join Microsoft Teams Meeting](https://teams.microsoft.com/l/meetup-join/19%3Ameeting_NmIzNWU4M2EtMGM0OS00OTJiLThhMDktODU4ZDgzOGI0MDlh%40thread.v2/0?context=%7b%22Tid%22%3a%22a54a278c-7422-448f-ab07-9b9f8e0c1c56%22%2c%22Oid%22%3a%22e786f48c-d73c-4090-89c7-804fcef54b71%22%7d)
[Learn More](https://aka.ms/JoinTeamsMeeting) | [Meeting options](https://teams.microsoft.com/meetingOptions/?organizerId=e786f48c-d73c-4090-89c7-804fcef54b71&tenantId=a54a278c-7422-448f-ab07-9b9f8e0c1c56&threadId=19_meeting_NmIzNWU4M2EtMGM0OS00OTJiLThhMDktODU4ZDgzOGI0MDlh@thread.v2&messageId=0&language=en-US)

**Call to Order:** Hybrid meeting (physical + virtual) called to order at 4:13pm.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Present** | **Absent** | **Late** |
| Mr. Chris Engl, Treasurer | **X** |  |  |
| Mrs. Sally Lutz, Director | **X** |  |  |
| Mrs. Lauren Wilder | **Virtual** |  |  |
| Mrs. Pam Peffer | **Dialed in** |  |  |

**Roll Call:** A quorum was established. Guests included Edi Wohlgemuth, Executive Director, Dawn Oehmann, Principal, Kelly Goddin, SFS

**Mission Statement, read by Mrs. Wilder:** The mission of Cornerstone Classical Academy is to sharpen the minds and cultivate the hearts of students through a content-rich classical education in the liberal arts and sciences, with instruction in the principles of moral character, civic virtue, and knowledge of truth.

**Agenda:** Motion to approve agenda by Sally, seconded by Lauren. Motion to amend agenda by Chris, seconded by Sally to include discussion of Florida Charter School Conference under Presentations section of the agenda. Motion to amend was unanimously approved. Amended main motion was unanimously approved.

**Public Comments:** None

**Presentations**: Edi shared feedback from the conference. Dawn shared her feedback from the conference.. Chris shared feedback from the conference. All 3 agreed it was a worthwhile conference and are looking forward to going again. Chris noted that the laws which allow Colleges and Universities to become authorizer adds a level of competition that should indirectly improve relationships with county authorizers over time and also create healthy, decentralized competition at the authorizer level. The law that allows schools to submit applications anytime and to submit revisions instead of the February date makes it easier for schools to get established on a rolling basis. Chris noted that Former Governor Bush gave Classical Schools a positive plug during the conference and Chris believes Florida will continue to lead the way on school choice based on the changes which have happened and remain on the forseeable horizon under the current state administration.

**Meeting Minutes:** Motion to approve minutes from September 2021 regular Audit + Financial Oversight meeting by Sally, seconded by Pam. It was determined that Chris had attached the wrong set of minutes. Chris motioned to table the minutes until the next regular A+FO committee meeting, seconded by Sally. Motion approved unanimously

**Committee Reports:** None given

**Unfinished Business:**
Committee took from the table a discussion of Internal Controls in light of a story about the head of finance of the St. Johns County Sheriff’s office committing fraud and to confirm robust internal controls and Separation of Financial Duties which would minimize the risks of fraud and monetary theft within CCA. Edi noted that the school has moved away from cash and check transactions and has receipt books for any small amounts of cash. Edi noted that only she and Becca have access to the safe. Kelly noted within SFS there are also their own separation of financial duties and people who have access to the ledger do not have access to the bank accounts and vice versa. Pam noted there could be risks to payrolls being overstated but Kelly and Edi believed that Paychex has a robust process to assure fictional employees are not on CCAs payroll. As for assuring payment of payroll taxes, since Paychex is now Employer of Record, it’s up to Paychex to assure payroll taxes are paid to IRS, not CCA. We discussed the risks of an employee creating fake vendors as happened in the News Story. We agreed that while this is possible, it’s harder to get 3 people to commit theft and fraud together than it is 1 person and CCAs controls require multiple authorizations including having the ED sign off, and the Treasurer for larger transactions and a dual review at SFS. New service vendors must provide a W9 before getting paid. Lauren made the key point that while we always hire people we believe we trust, sometime circumstances and incentives change due to forces outside of CCA’s control—for example, an employee who has a surprise hardship, etc. Lauren made that point that for those reasons, it’s important to have robust policies and procedures to limit risks of fraud. Chris made the point that if there are holes, it’s likely that people will find them, even if not for nefarious reasons and was in full agreement with Lauren’s comments. At least one participant stated she was glad to have the conversation around these controls.

**New Business:**

1. **Motion by Sally, seconded by Lauren** **to recommend the Board approve the September 2021 Monthly Financial Report**. Prior to approval, Chris asked a series of questions as follows:
	* Q: What are Fundraiser events scheduled so far? Goal is $125k + 45k from PTO. Fun Run or other events?
	A: Edi noted that more details are forthcoming about the visioning event in the ED’s report and the focus is to raise $3mil rather than focus on smaller events. Edi noted that the PTO will be doing the Fun Run again and believes with the additional families, we could double the $60k received last year.
	* Q: Where do we stand on Esser grant app/funding? Amount? Deadlines?

A: Kelly noted Esser grant reimbursement has been an iterative process and while $225k has been allocated, CCA is requesting another roughly $200k through this process but each title has different requirements

* + Q: 645 FTE used in the cashflow statement; will we get the full year equivalent? Does cashflow including paying back against initial count of 570?

A: Kelly noted our October count is expected to be 645. We are currently getting paid for 688 and will start paying back the difference after November.

* + Q: How much of the 1yr escrow fund (for liquidity) is included in these figures? How much have we borrowed so far?

A: Kelly noted we have only borrowed what we have spent in CSP.

* + Q How big is reimbursement #5? A: Kelly noted it was less than 20k.
	+ Q: Can we forecast DCOH and DSCR? A: Kelly will add this to the bottom of the cashflow report so that we can see how these metrics are expected to trend going forward.
	+ Q: Can we tie together programs in revenue vs expenses? ie Before/After School care, athletics, extracurricular activities, PTO events, etc and report them to the admin and the board to show profitability?

A: Kelly and Edi will work together to create a section in the reports which ties together relevant expenses and can track the “profitability” of each program.

* + Q: Where do we stand in getting feedback from inspection? Where do we stand in updating HVAC settings to automate operations and minimize loss?

A: Edi noted the inspection report was coming and that the HVAC settings are being tweaked. She especially noted that her office is holding at 72 degrees now.

* Q: NonFinancial: when will the Board get an update on academic performance, and analysis via NWEA Map?
A: Edi noted that there will be a principal’s report and details the administration is pulling together details about academic performance.

After this Q&A from Chris, the vote was called and the original motion approved unanimously

**Committee Development:**

* 1. Chris reminded everyone to keep an eye out for possible committee members in future and the intent to recruit more members.
	2. Chris reminded the group of committee training opportunities.

**Next Committee Meetings & Locations:**

* Monday, November 22, 4:00pm, virtual meeting
* The December meeting has been cancelled due to the holidays.

**Adjournment:** Meeting adjourned at 5:53pm.