

# Harvest Preparatory School

## Financial Notes for the period ending January 31, 2018

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The budget shown on the Income Statement is the Forecast 1 budget that was adopted by the board in December 2017, based on 227 ADM.

The 'Year-To-Date Budget' columns shown on the statements are calculated on a fiscal year straight-line basis. At January 31, 2018, 58% of the fiscal year has passed.

### Balance Sheet

- The school's cash balance at the end of January 2018 was \$159,322, up from \$1,954 at the end of December 2017.
- As of January 31, 2018, the school expects to receive an additional \$51,019 of FY2017 state and federal revenue beyond the cash that it has already received.
- The Estimated State Holdback Receivable line represents a portion of the FY2018 state holdback. See below in the Income Statement section for more details about this figure.
- The Salaries Payable balance represents the net amount of the February 1, 2018 payroll. The withholdings for taxes, benefits, and other items from this payroll are in the Payroll Liabilities line. (The February 1 payroll compensated employees for work done during the month of January, so it is recorded onto January's Income Statement.)
- The school's current ratio (current assets divided by current liabilities) was 2.08, meaning that for every \$1 in current liabilities there was more than \$2 in current assets. However, when related-party receivables and payables are excluded, the school's current ratio was only 1.27.
- Investment in Capital Assets will be updated at the end of the year.
- The included AP Aging Report gives details on items that have been outstanding for more than 30 days. As of February 15, 2018,
  - \$22,060 of AP had been outstanding for 30-60 days
  - \$20,599 had been outstanding for 60-90 days
  - \$0 had been outstanding for 90-120 days
  - \$1,540 had been outstanding for more than 120 days
  - A total of \$44,200 had been outstanding for more than 30 days

If there is a specific reason why any of these invoices have not been paid, it is noted on the AP Aging Report.

### Income Statement

- The Summary Income Statement lists expenditures categorized in two different ways: by UFARS Program code, which classifies expenditures by their *purpose*, and by UFARS Object code, which classifies expenditures by their *type*.

- The State Revenue amount shown includes an estimate of \$280,331 of total estimated year-todate holdback. The purpose of including this amount is to smooth the effect of state payment timing intricacies. This amount is calculated as: Total budgeted FY2018 state revenue of

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\$4,277,578, times 58% of the fiscal year passed, less total FY2018 state revenue actually received to date of \$2,214,923, equals \$280,331.

- Budget-vs-Actual Expenditures. The Finance Team has completed their process of recoding among budget categories, and all corrections made will show on next month's financial statements. We are continuing to monitor and fine-tune each of these categories in our working forecasts, and will discuss any budget adjustments needed in the spring with Forecast 2.
- Salary Accruals. Teachers and other instructional staff at the school receive paychecks throughout the year, even though they do not work during the summer. These summer paychecks are accrued into the previous fiscal year, so the summer 2018 paychecks will be accrued into FY2018. No portion of these summer paychecks is yet included on the FY2018 Income Statements. As is customary, these amounts will be calculated and booked at the end of the fiscal year.
- RICOH. Copier expense for the fiscal year to date will be recorded once negotiations with RICOH are completed and invoices are received. All payments to RICOH will be made directly by HNS, who will then bill the schools for their portion of the expense.
- As of January 31, 2018, the school had recorded a total of \$2,733,287 in revenue which is 56% of the revised budget, and a total of \$2,563,540 in expenditures which is 53% of the revised budget. This left the school with a current fiscal year to date balance (revenue over expenditures) of \$169,748. The projected final FY2018 bottom line per the Forecast 1 budget is \$1,493.

### **Cash Flow Projection**

- The school's current state aid payments are being based on 255 ADM. The current adopted budget is based on 227 ADM. The state revenues and holdback amounts shown are calculated with the assumption that the school continues to be paid on 255 ADM through the end of the year, and ends the year with exactly 227 ADM.
- The projected expenditures shown on the cash flow are derived from the current working forecast, with certain estimates made regarding timing of expenditures.
- The school has been approved for a \$390,000 line of credit from Propel Nonprofits. Funds will be available to be drawn in late February or early March, and funds drawn will be repaid in the fall of 2018 out of the school's holdback payments.
- The projected Ending Related Party Payable/(Receivable) balances shown are estimates only, and will change based upon payments made and new Related Party policies and procedures enacted.

**Other Comments**

- Revenue and expenditure figures shown reflect data recorded in the general ledger provided primarily by the employed network finance staff.
- These statements reflect information provided by School Administration and by state and federal entities. Statements are prepared for internal purposes and do not reflect audited data.

