

# Harvest Preparatory School

## Financial Notes for the period ending February 28, 2018

---

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 February 28, 67% of the fiscal year has passed.

### Balance Sheet

- As of February 28, 2018, the school expects to receive an additional \$50,375 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. This amount is calculated as: Total budgeted FY2018 state revenue of \$4,277,578, times 67% of fiscal year passed, less total FY2018 state revenue actually received to date of \$2,451,496, equals \$400,223. At the end of the fiscal year, this amount will be calculated exactly and moved into Due From Governmental Agencies. **(The total anticipated FY2018 state holdback is \$595,000.** This amount is calculated as: The total budgeted state revenue, less the total amount expected to be received prior to June 30, 2018.)
- **New this month, we have included an Estimated Accrued Salaries line.** This line represents amounts that teachers and other staff have earned but have not yet been paid. At the end of the fiscal year, this amount will be calculated exactly and moved into Salaries Payable.
- The Salaries Payable balance represents the net amount of the March 1, 2018 payroll. The withholdings for taxes, benefits, and other items from this payroll are in the Payroll Liabilities line. (The March 1 payroll compensated employees for work done during the month of February, so it is recorded onto February's Income Statement.)
- As of the balance sheet date, Harvest Prep was owed \$208,829 by related parties (Mastery and Seed), and owed \$4,658 to related parties (Best and HNS).
- The school's current ratio (current assets divided by current liabilities) was 1.93, meaning that for every \$1 in current liabilities there was \$1.93 in current assets. When related-party receivables and payables are excluded, the school's current ratio was 1.44.
- Investment in Capital Assets will be updated at the end of the year.
- The included AP Aging Report gives details on the items that have 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.
- Each of the school's two bank accounts have been reconciled through 02/28/18. All reconciliations are performed by an independent team member at Designs for Learning.
- **The Finance Team has performed a search for unrecorded assets or liabilities. At this time, we have nothing to add to the Balance Sheet that is not already presented.** We have recorded year to date RICOH copier expense and year to date credit card transactions, which were two items missing from the balance sheet in previous months.

### 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*.
- Budget-vs-Actual Expenditures.
  - The Finance Team has completed our process of recoding among budget categories. 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. To date, we have identified needed amendments in a few categories including Repairs & Maintenance, Copier Leases, General Supplies, Instructional Supplies, Textbooks, Furniture & Equipment, Technology Equipment, and Dues & Memberships.
  - The Communications category appears over budget at this point in the year because we are waiting on E-rate credits to come through to our communications vendors.
  - The Copier Leases category now includes all budgeted RICOH billings for the year.
- As of February 28, 2018, the school had recorded a total of \$3,131,169 in revenue which is 64% of the revised budget, and a total of \$3,004,068 in expenditures which is 62% of the revised budget. This left the school with a current fiscal year to date balance (revenue over expenditures) of \$127,101. **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. Our current estimates for state revenues and holdback amounts are calculated with the assumption that the school ends the year with exactly 227 ADM.
- Per request from the Finance Committee, we have changed the presentation of the cash flow projection to be simpler. Also per request we will be extending the cash flow projection beyond June 2018 as next year's budget is developed.
- Per request from the Finance Committee, we have included information about the projected utilization of our line of credit through October 2018. At this time we are expecting to utilize \$337,297 of our \$390,000 line. Repayments are scheduled for August 30, September 30, and October 30, 2018.

### Other Comments

- We are pleased to report that Harvest has received the MDE School Finance Award for FY2017 reporting. We earned this award by meeting all state reporting deadlines for UFARS data.
- The finance team is continuing to work toward matching the presentation of the annual budgets and the year-to-date income statements.
- 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.