

# Harvest Preparatory School

## Financial Notes for the period ending March 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 March 31, 75% of the fiscal year has passed.

### Balance Sheet

- As of March 31, 2018, the school expects to receive an additional \$41,944 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 75% of fiscal year passed, less total FY2018 state revenue actually received to date of \$2,762,585, equals \$445,598. 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.)
- The Estimated Accrued Salaries line include 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.
- As of the balance sheet date, Harvest Prep was owed \$255,082 by related parties (HNS, Best, Mastery, Seed), and owed nothing to related parties.
- The school's current ratio (current assets divided by current liabilities) was 1.78, meaning that for every \$1 in current liabilities there was \$1.78 in current assets. When related-party receivables and payables are excluded, the school's current ratio was 1.26.
- The school's audited Fund Balance at 06/30/17 was \$255,910. The adopted Forecast 1 budget would add \$1,493 to the Fund Balance, which would bring the total to \$257,403 or 5.3% of Fund 01 expenditures.
- Investment in Capital Assets will be updated at the end of the year.
- Each of the school's two bank accounts have been reconciled through 03/31/18. 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 only one item to report: We are again working with Minnehaha Transportation to reconcile amounts due per our records and theirs. (We do not anticipate a significant discrepancy.)

### 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 Contracted Services, Utilities, Repairs & Maintenance, General Supplies, 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.
- As of March 31, 2018, the school had recorded a total of \$3,490,599 in revenue which is 72% of the revised budget, and a total of \$3,363,750 in expenditures which is 69% of the revised budget. This left the school with a current fiscal year to date balance (revenue over expenditures) of \$126,850. 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.
- 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.

#### **AP Aging Report**

- Per Finance Committee request, we have included aging information for the balances due to related entities. Harvest Prep is even with Best Academy. The amounts that Mastery and HNS owe to Harvest Prep have not grown over the last 120 days. However, the amount that Seed owes Harvest Prep has grown slightly over the past 120 days. There is a plan in the works for how Seed will pay off this balance.

#### **Other Comments**

- The transition of additional finance duties to Designs for Learning is going well. Designs began overseeing the AP process as of 04/06/18, and began processing payroll with the 04/16/18 payrolls. Designs is also now overseeing EDRS/SERVS reconciliations and managing the general ledger.
- The finance team is continuing to work toward matching the presentation of the annual budgets and the year-to-date income statements.
- Statements are prepared for internal purposes and do not reflect audited data.