

Amy Stewart called a meeting of the Finance Committee of Salem Academy Charter School to order on Wednesday Oct 15, 2025 at 8:05 AM.

C. Approve Minutes

Rick Winter made a motion to approve the minutes from Finance Committee Meeting on 09-17-25.

Stephanie Callahan seconded the motion.

The committee **VOTED** unanimously to approve the motion.

II. Finance

A. September Financials

Cynthia Marie presented the September Financials to the committee. She reported that after the first quarter, no major budget adjustments are needed at this time. Current enrollment is at 477 students, slightly below the goal of 480, though efforts continue to fill the remaining one Lower School and two Upper School openings. Despite the small dip in enrollment, revenue remains above budget projections, with \$2.7 million recognized year-to-date.

Grants and Revenue

Federal grants are still in the approval process and pending drawdowns, while private funding is on track with the budget. Approximately 75% of total grants received come from federal sources. Cynthia noted that delays in federal and state grant processing have been more pronounced this year, with several deadlines falling at the end of September. She plans to adjust next year's budget timeline accordingly. The committee discussed the loss of ESSER funding—approximately \$100,000—which contributed to fluctuations in the grants category compared to last year.

Expenses and Cash Position

Professional fees remain high, consistent with seasonal trends, while salary savings from open positions and delayed hiring should help maintain balance by year-end. Operating income currently shows a deficit due to pending grant reimbursements, but Cynthia emphasized that there is no cause for concern, and the school remains on track to meet its annual budget. Cash on hand exceeds 60 days, and all key financial ratios are in the green.

Cynthia explained that the Foundation's cash position is excluded from this year's financial ratios to highlight the school's standalone financial strength. For comparison purposes, she will revise the reports to include the Foundation funds in both fiscal years and send an updated version to the committee. She will also correct a technical issue with the budget line not pulling correctly in the report.

Enrollment and Budget Considerations

The committee discussed student attrition and recruitment trends, particularly among incoming 9th graders. Some students transferred for sports, specialized programs, or financial assistance at private schools such as St. Mary's and St. John's Prep, while Essex Tech continues to attract applicants due to its programming.

In light of these factors, the committee discussed whether future budgets should be built using a slightly lower enrollment base to provide more flexibility as the educational landscape evolves.

B. Audit Presentation

Colleen D'Alfonso presented the results of the annual audit report.

Audit Overview

The audit included three main reports:

1. Independent Auditors' Report – This provides an opinion on the financial statements of both the school and the foundation.
2. Management's Discussion and Analysis (MD&A) – This section contains unaudited information; therefore, no formal opinion is issued.
3. Report on Internal Control over Financial Reporting – The auditors reported no instances of noncompliance, which represents the best possible outcome.

A third component, the Independent Auditors' Report on Compliance with Uniform Guidance, issued an unmodified opinion on the Child Nutrition Cluster (National School Lunch Program and School Breakfast Program). This also reflects the strongest possible result, with no findings or deficiencies noted.

Financial Ratios

Auditors reviewed financial benchmarks and compared them to DESE's Risk Levels.

- Five areas were identified as Low Risk, and two areas as Moderate Risk.
- These analyses reflect school-only data, excluding foundation financials.

Discussion Items

The committee discussed several key points:

- Due to a change in federal audit thresholds, Uniform Guidance audits will likely not be required moving forward.
- The audit was granted an extension because of a delay in the release of the Federal Compliance Supplement. The End-of-Year Report remains due November 21, 2025, even though the supplement is still on hold.

Funding and Sustainability

The committee discussed the impact of the expiration of ESSER funding, which previously supported initiatives such as accelerated learning and closing achievement gaps.

- Some staffing adjustments were made to reflect the end of this funding, though no layoffs occurred.
- The school has proactively reduced expenses in anticipation of reduced federal support.
- The committee noted that student enrollment patterns have shifted, and further analysis is needed to determine the long-term impact on Salem Academy and to guide future financial and operational planning.

Additionally, the school no longer leases the cafeteria space, which has implications for future cost management and facilities planning.

C. FY26 Budget Updates

Stephanie Callahan provided an update on enrollment and grants.

III. Other Business

A. Reach the Beach Update

Stephaine Callahan reported that the Reach the Beach campaign exceeded its goal, raising just over \$25,000. The strong participation and success of the campaign have inspired the Development Committee to set a new Annual Fund goal of \$125,000 for FY26.

IV. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:25 AM.

Respectfully Submitted,
Krissy Sgambellone

Documents used during the meeting

- Salem Financials September 2025 Revised.xlsx
- Draft with the MD&A - Salem Academy Charter School FY25.pdf
- Finance Committee Presentation.pdf