

APPROVED



Salem Academy Charter School

Minutes

Finance Committee Meeting

Date and Time

Wednesday May 27, 2026 at 8:00 AM

The Salem Academy Charter School Finance Committee via Zoom.

Zoom Link: <https://salemacademy.cs.zoom.us/join/91234567890>

Committee Members Present

Bill Henning (remote), Chris Graham (remote), Krissy Sgambellone (remote), Stephanie Callahan (remote)

Committee Members Absent

Blake Cullimore

Guests Present

Fallon Burke (remote), Megan Garnett (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

Chris Graham called a meeting of the Finance Committee of Salem Academy Charter School to order on Wednesday May 27, 2026 at 8:02 AM.

C. Approve Minutes

Bill Henning made a motion to approve the minutes from Finance Committee Meeting on 04-27-26.

Stephanie Callahan seconded the motion.

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

II. Finance

A. April Financials & FY26 Forecasting

Megan Garnett presented the April financial statements to the committee. The school continues to repay excess tuition funds to the state, and the accrued payable balance reflects those remaining repayments. Megan noted that because payroll is processed on a biweekly schedule rather than twice monthly, April included three payroll cycles, which impacted monthly expenses.

Stephanie Callahan provided additional context regarding the Norman H. Read Trust funding. She noted that this year is somewhat unique and that school leadership will continue working with Central Source over the coming weeks to ensure all expenses are properly allocated. Two major budgeted items supported by the Read Trust include the Math Interventionist position (approximately \$90,000) and tuition reimbursement for STEM teachers. The school has requested that most of the Math Interventionist funding be rolled forward, and approximately half of the STEM tuition reimbursement funds are expected to be carried over as well.

The committee noted that savings continue to be reflected in the salaries and professional development lines.

During discussion of key financial ratios, members noted a slight decline in the percentage of expenses covered by tuition revenue. Megan explained that fluctuations in tuition payments throughout the year can create temporary variances that may appear as overages. Stephanie added that the school is often at or below benchmark targets due in part to the support provided through the Read Trust.

The committee also discussed the accrued payables balance, which includes tuition funds that must be repaid to the state. These repayments are currently being made through weekly payments and are expected to continue through the end of June.

Bill Henning observed that overall expenditures remain approximately \$370,000 higher than the prior year, despite several vacant positions. Stephanie noted that the salaries and wages line includes not only regular staffing costs but also substitutes, internal

coverage, long-term substitute teachers, stipends, athletics staffing, payroll taxes, and employee benefits.

The salaries and wages line has decreased from approximately \$7.4 million to \$7.1 million. Professional development funding was also reduced from \$95,000 to \$65,000. As a result of these and other adjustments, the projected FY26 surplus is now estimated at approximately \$267,000.

Bill Henning asked whether the school intends to spend down the projected surplus. Stephanie explained that school leadership is taking another look at Read Trust funding to determine what expenses may be rolled over and what funding requests will carry forward. Leadership will then reassess the private funding line to determine the true available balance. The team is also evaluating other needs that may warrant investment, such as technology purchases. Most facilities-related expenses are expected to be incorporated into next year's budget, and there are no major curriculum purchases anticipated at this time.

Bill also asked whether the Finance Committee has ever formally limited the use of surplus funds or established reserve targets. He suggested that if portions of the surplus result from non-cash expenses, the committee could consider reserving a portion for future needs. Stephanie agreed that setting aside funds for future projects or capital reserves could be beneficial. Bill recommended revisiting the discussion in June, when year-end projections will be more certain and the committee will have a clearer understanding of potential uses for the funds.

B. FY27 Budget Considerations

The conversation shifted to FY27 budget considerations. Megan Garnett and Stephanie Callahan reviewed updates to the draft budget, noting that the largest changes are within the salaries and wages line. Additional forecasting work is underway between Megan and Krissy Sgambellone to account for accruals, stipends, and other personnel-related expenses, though vacation payout projections still need to be finalized.

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The committee also reviewed updated benefits projections. Health insurance rates are now projected to increase by only 3.9%, significantly lower than earlier estimates. The budget also includes an increase in life insurance coverage from \$50,000 to \$75,000, representing an additional cost of approximately \$3,000. The committee discussed how any savings generated from lower-than-expected benefits costs may be reallocated within the budget.

Bill asked whether there were any major concerns heading into FY27. Stephanie indicated that she does not currently have significant concerns, though enrollment fluctuations remain a factor, such as the possibility of ending with 478 students rather than 480.

Stephanie also noted that entitlement grant projections continue to trend more favorably than the worst-case scenarios built into the budget. Her primary concern remains ensuring that the salaries and wages line adequately reflects staffing needs. She also emphasized that student needs remain exceptionally high, creating continued demand for student supports and resources beyond what is currently included in the budget, even with the addition of an extra counselor position since COVID.

C. 2026 Committee Goals

The committee discussed progress toward its goal related to evaluating Salem Academy's financial position and long-term financial planning.

Bill Henning expressed interest in gathering information from other schools regarding cash reserve practices and capital reserve funds. Megan Garnett will follow up with Cynthia Marie and Central Source to determine whether examples or benchmarking data from other charter schools are available.

Bill noted that before making decisions regarding reserve policies or investment strategies, the committee should first develop a clear understanding of how much cash must remain liquid and for what period of time to support ongoing operations and financial

obligations. The committee agreed that understanding minimum cash requirements will help inform future discussions around reserve targets and potential investment opportunities.

III. Other Business

A. Development Update

Fallon Burke updated the committee on the 2026 REACH for College Gala. Preliminary totals indicate that the Gala raised over \$66,000, and the school has not only met its \$125,000 Annual Fund goal, but exceeded it, reaching nearly \$133,000.

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 9:00 AM.

Respectfully Submitted,
Fallon Burke

Documents used during the meeting

- Salem April 2026 w updated FY27 Budget (2).xlsx