

SHPA Finance Committee Meeting – April 2, 2019

Approved by the board April 4, 2019

x Lisa Barnidge
x Mike Meyer-chair
x Kate Docken

x Kim Hubertus
x Carl Schlueter
Renson Anjere

Other Attendees: Nick Taintor

Mission

Seven Hills Preparatory Academy engages students in a rigorous Classical education, designed to prepare each one for strong citizenship and life-long learning.

Finance Committee Charter

The Finance committee is a committee of the School Board of Directors. The purpose of this committee is to review the financial performance of the school, ensure that the school does not operate in a statutory deficit position, strive to achieve and maintain a 25% fund balance, and recommend and manage to an annual budget that accomplishes these goals and accounts for the long-term financial stability and health of the school. The committee shall be chaired by the SHPA School Board Treasurer and meet at a frequency as determined by its chair as necessary to accomplish its goals. This committee shall strive to secure membership on the committee of volunteers with financial management experience. This committee will also perform periodic reviews of the managerial controls regarding the handling of public funds and the record keeping of these activities.

1. Reviewed February SHPA financial statements.
2. Reviewed the 2019-20 budget. The final budget will be presented to the Board at its May meeting.
3. Discussed the draft 2017-18 IRS form 990. Kim and Carl will review in detail for Board approval at the May meeting.
4. Carl advised that Sunrise Bank has sent the following terms for the increase in the school's line of credit:
 - o \$500,000 loan amount (increased from \$200,000)
 - o Interest rate of prime plus 2% floating with a floor of 6%
 - o Matures in one year
 - o Monthly payments of interest only
 - o Origination fee of \$3000 (1% of new money)
 - o Document prep fee of \$100
 - o Collateral is a second lien on all assetsThe Committee recommends approval of these terms and the execution of documents by Carl which are consistent with these terms.

5. Nick Taintor has reached out to the bondholders to discuss the method they prefer to deal with the cash covenant issue we expect at year-end. We likely will have a conference call with bondholders to provide an update in May at which time the issue will be discussed.
6. BKDV has agreed to make a \$3000 contribution to the Capstone trip and will discuss with Carl the proposal that they also provide the school with a free 6-month trial of their HR advisory services.
7. Discussed opportunities to further educate the committee on the school's financing sources.
8. Reviewed Board Calendar for April finance items.
9. Conducted fist to 5 evaluation. One gave the meeting a 5 and the others a 4.

Recommendations to SHPA Board of Directors for action at the April 4, 2019 meeting:

1. Recommend approving the proposed terms of the Sunrise Bank line of credit and the execution of documents consistent with those terms.
2. Recommend approving the minutes of the April 2, 2019 Finance Committee meeting.