



SCHOOL FINANCIAL OVERSIGHT REPORT

VOA-MN AUTHORIZED CHARTER SCHOOLS

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**Authored by Finance Performance Analyst Rochel Manders
for the Volunteers of America of Minnesota Charter School Authorizing Program**

Submitted to Ms. Stephanie Olsen, Senior Program Manager

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Authorizing Program Mission

Volunteers of America-Minnesota (VOA-MN) Charter School Authorizing Program will improve all pupil learning and all student achievement with service to others as its core.

Authorizing Program Vision

Volunteers of America-Minnesota (VOA-MN) Charter School Authorizing Program will authorize high quality charter schools that improve all pupil learning, all student achievement, and promote service to others.



VOA-MN SCHOOL ACCOUNTABILITY & AUTHORIZER OVERSIGHT SYSTEM

VOA-MN holds the schools it authorizes accountable in five major areas: academic performance, fiscal management, board governance, management and operations, and legal compliance. Each area may have multiple indicators of success and the charter school's performance on each indicator will be rated as:

- Meets standard
- Partially meets standard
- Does not meet standard

Three essential questions guide our VOA-MN authorizer oversight and charter school accountability plan.

I. Academic Program Performance - Is the school's Learning Program a Success? Academic Performance.

The VOA-MN Charter School Authorizing Program publishes annually an Academic Performance Report on their network of authorized charter schools.

II. Financial Sustainability – Does the School Exhibit Strong Financial Health?

The VOA-MN Charter School Authorizing Program publishes annually a School Financial Oversight Report on their network of authorized charter schools.

III. Is the organization effective and well run?

- **Board Governance**
- **Management and Operations.**

The VOA-MN Charter School Authorizing Program publishes annually a School Board Governance Report on their network of authorized charter schools. Management and Operations standards are monitored through compliance with the VOA-MN Annual Submission Calendar and annual formal site visits.

INTRODUCTION

This report is intended to assist Volunteers of America-Minnesota (VOA-MN) in the oversight of authorized schools while strengthening its overall mission. It provides an overview of the financial realities in Minnesota at the time of the report while disclosing the financial condition of its authorized schools within this setting. The finance report will align the school's financial performance, budget projections, and financial practices to the prior fiscal year.

The report utilizes information from the Minnesota Department of Education (MDE) website as well as information from individual school documents. Those documents include monthly minutes and financial reports of the specific boards of directors, the audits of the schools and other school site information in print and in electronic form.

The finance report methodology incorporates the ten financial standards that are expected to be met by each school authorized by VOA-MN. This supports the understanding that these are the contractual standards that VOA-MN authorized schools are aware of and strive to meet throughout the year. In addition, school leadership and VOA-MN representatives work together on these standards throughout the year to strengthen the school's financial health.

With the advent of Covid-19 in early 2020, the VOA-MN network of charter schools have been tasked with introducing flexible learning schedules, innovative platforms to deliver instruction, and safe environments for all students and families. FY 2021 financial oversight was much the same as the prior year and has been conducted remotely with site visits eliminated for the safety of all parties. Virtually all charter schools have had access to federal aid through the CARES Act of 2020. The CARES Act included an Education Stabilization Fund, which created two major sources of funding for schools: the Governor's Emergency Education Relief (GEER) Fund and the Elementary and Secondary School Emergency Relief (ESSER) Fund. It also contained section 5001, the Coronavirus Relief Fund (CRF), which established \$150 billion in payments to state, local, and Tribal governments navigating the impact of the COVID-19 pandemic. In Addition, many charter schools were able to access federal funds through the CARES Act Paycheck Protection Program due to the non-profit status of charter schools. This federal aid greatly helped charter schools maintain their General Fund balances and fiscally survive the COVID-19 pandemic.

MINNESOTA SCHOOL FINANCE

General Education Aid

The general education aid program is the method by which charter schools receive the majority of their financial support. This source of funding is primarily state aid, which charter schools rely heavily upon. Current pupil weights are:

Pre-kindergarten Disabled = 1.0

Part-time Regular Kindergarten = .55

All Day Regular Kindergarten = 1.0

Grades 1 – 3 = 1.0

Grades 4 – 6 = 1.0

Grades 7 – 12 = 1.2

The legislature has added 2% per pupil to the formula allowance from fiscal year 2015 – 2021 with the current fiscal year 2022 allowance at \$6,728. An increase of 2.45% from the prior year.

Not all of that general education revenue is “spendable” in the year it was earned due to what is referred to as the “holdback.”

The Holdback

For proper administration of public funds, the MDE needs a process to ensure schools and districts properly report pupil unit counts throughout the school year, since that is the basis for calculating general education aid. State aid payments are metered, meaning that under current law, on a semimonthly basis between July and June, the school receives a total payment of 90 percent of total state aid entitlements receivable for the current year. Some of the revenue is “held-back” to account for possible variances in the projected versus actual pupil unit count of reporting units. In the subsequent year, the remaining 10 percent is paid as following: August 30 - 30 percent of the remaining 10 percent, September 30 - 40 percent of the remaining 10 percent, and the final 30 percent of the remaining 10 percent will be paid when UFARS and student data have been finalized sometime in late January or February.

Over the years, there has been an ebb and flow of the percent of the holdback in order to help the MN legislature balance the state government budget. The holdback has been as much as 40% in FY

2012 but varies based on the state's cash requirements. It is currently at 10% and reflected in FY 2022.

School District VS Charter School General Education Aid Comparison

There continues to be funding disparities between school districts and charter schools. Charter schools receive a lower per ADM amount of General Education Revenue as the following comparison illustrates (information gathered from the Minnesota Department of Education website reports):

Fiscal Year 2020 General Education Revenue

Forest Lake Public Schools Students Served: 5,974.23

Category	Generated by Student-driven Funding Formula	Dollars per ADM Served
Basic General Education	42,139,527.53	7,053.55
Extended Time	333,577.23	55.84
Compensatory	957,317.02	160.24
English Learner	104,328.53	17.46
Sparsity	.00	.00
Operating Capital	1,457,656.46	243.99
Operating Referendum	8,365,310.35	1,400.23
Location Equity	2,756,644.49	461.42
Other General Ed	2,208,263.04	369.63
Subtotal General Education	58,322,624.65	9,762.36

Lakes International Language Academy Students Served: 1,179.50

Category	Generated by Student-driven Funding Formula	Dollars per ADM Served
Basic General Education	8,016,275.56	6,796.33
Extended Time	.00	.00
Compensatory	43,280.27	36.69
English Learner	21,809.74	18.49
Sparsity	36,395.73	30.86
Operating Capital	282,038.94	239.12
Operating Referendum	.00	.00
Location Equity	.00	.00
Other General Ed	-57,241.83	-48.53
Subtotal General Education	8,342,558.41	7,072.96

Minnesota Department of Education (MDE) Website

This school district and charter school were chosen for comparison within the Forest Lake school district because they serve students in grades K-12. This information is available for all school districts and charter schools on the MDE website.

Lease Aid

Charter schools receive revenues similar to traditional public schools, with few exceptions. Charter schools are not allowed to use state funds to own land and buildings for school programs, but can

and do receive lease aid to offset some of the costs of leasing a building for its students and staff. A lease aid improvement went into effect on July 1, 2014 by increasing the aid on a per pupil unit amount. The formula stated that the amount of annual building lease aid per pupil unit served for a charter school for any year cannot exceed the lesser of 90% of the approved costs of leasing the building or the product of the pupil units served for the current year times \$1,314.

Cash Flow Borrowing

Traditional schools are in a unique position to be protected against the shortfall of cash to fund educational programs. If cash is needed to pay for bills in any given year, due to an increase in the holdback or for any other reason, they could enter into a state borrowing agreement through the Credit Enhancement Program. This program allows school districts to borrow funds at a much-reduced rate. In return, they would put their projected aid or levy revenue up for collateral. If there was a default, the state could immediately impose a levy, without taxpayer vote, on the school district and have the funds returned through the process.

Traditional schools are a political division as well as a geographic division. Charter schools are not a geographic division. They have no levy authority and, therefore, do not qualify to borrow funds through the current Credit Enhancement Program at the inexpensive “state-backed” rate. In addition, the ratings that measure the cost of borrowing are contingent upon the type of assurances the state has in place to safeguard this program, which includes the ability to levy taxes against a local governmental unit without the typical vote of the residents.

Charter schools can also put up projected aid, but they may do it through some type of loan company and they may pay considerably more interest. Charter schools borrow at rates much higher than traditional schools. They could have access to the less costly rates, but it would take legislative action and the creation of an alternative form of backing “bad” debt.

The improvement in the shift increased cash flow of schools and reduced the need for many of them to borrow money in FY2014 - FY2022. Lines of Credit were obtained, but not used in many instances for the VOA-MN authorized schools.

Levy Power

Charter schools and traditional schools alike can engage in the procurement of grant funds. They can attempt to improve their capital needs (building repairs and equipment) in a variety of ways. However, charter schools cannot own their school buildings through the use of public funds. They are eligible to receive lease aid to offset associated lease costs. The lease aid is computed such that the school will be approximately 10% short of the lease cost.

Traditional schools, on the other hand, have levy capacity that accounts for the greatest disparity between traditional and charter schools. Traditional schools may obtain an operating levy if approved by their communities. If they need new buildings, remodeled buildings or technology improvements, they can also request a building bond.

State funds that are tied to the levy follow the children, for example, those who go to a charter school, but the local portion of the levy of those children stays with the resident district not the charter school. However, that could change in the future with charter-favored legislative initiatives.

Transportation

If a charter requests transportation services from the host district (the district in which the charter resides), the host district must comply and transport children within or at their borders. The host must comply even if it is at considerable expense beyond the approximately \$300 that it receives for transporting a student to and from the charter school for a full year. The host district is not responsible for transportation costs outside their geographic boundaries.

The district has control of the transportation schedule. Any additional services are paid by the charter school. Also, if the charter school cannot make its schedule work with the local district transportation, it will develop its own methods of transportation, consistent with statute.

In summary, if there is an examination of the financial condition of charter schools in Minnesota, some of the larger revenue and expenditure factors must be understood. It takes considerable discipline and effort for a charter school to maintain an adequate fund balance as contrasted with the levy-empowered traditional school district. It also takes dedication of the director and insight and strength of the board in its oversight responsibilities.

METHODOLOGY FOR THE REPORT

Use of Standards

The annual financial report on Volunteers of America-Minnesota (VOA-MN) authorized charter schools utilizes the ten financial standards contained within Addendum B of the school's charter contract with VOA-MN as the criteria for assessing the school's financial performance for the year. The VOA-MN standards were created based on Minnesota Statutes, U. S. Codes, Generally Accepted Accounting Principles, Governmental Accounting Standards Board requirements and best practice norms. These standards are listed below including the point value used in school contract renewals:

Standard One: The school maintains a balanced budget.

0 = deficit budget

1 = n/a

2 = surplus budget

Method of Examination:

- a. Review original and revised budgets submitted to VOA-MN per the Annual Submission Calendar*
- b. Review the school's annual financial audit report*
- c. Review monthly income statements*

School's submit an approved current year budget to VOA-MN by July 1 of each year. A revised budget is generally submitted mid-year as the school updates revenue and expenditure projections although there is a wide variation in board practices on budget revisions. Some boards do not execute a budget revision all year while other boards conduct a budget revision in October or November to coincide with October Average Daily Membership (ADM) reporting and final audit reports. Still other boards may conduct 2-3 budget revisions, the last of which is near the end of the year.

The school's annual financial audit is another data source that is used to verify whether the school has met budget projections by comparing them to actual results. This report is received by VOA-MN by December 31 each year.

Monthly revenue and expenditure reports are the primary tools used by VOA-MN to determine if the school is maintaining a balanced budget for the prior year and the current year under review. Data gleaned from these reports include revenue and expenditure forecasts, year-end surplus or deficit estimates, student enrollment projections based on average daily membership (ADM) and

pupil units (PU), new sources of revenue, unusual levels of expenditures and budget to actual comparisons.

Although the VOA-MN standard concentrates on the General Fund, the other major operating funds of Food Service (Fund 2) and Community Service (Fund 4) must also be included in budget projections and reporting.

Standard Two: The school is compliant with state and federal financial reporting deadlines, including the proper use of public funds.

0 = missed > 1 time

1 = missed 1 time

2 = never missed

Method of Examination:

- a. Review school's prior and current year financial data submitted to VOA-MN per the Annual Submission Calendar including:*
 - a. Preliminary UFARS data*
 - b. ADM report*
 - c. Final UFARS data*

Meeting state and federal financial reporting deadlines is critical in the financial success of a school and is monitored through updates from each school to VOA-MN primarily via email. For each required data element, the school notifies VOA-MN of compliance by sending a report which indicates they have submitted the necessary information to the governing authority which is documented by VOA-MN and later used in this financial report and to aid the school in meeting these deadlines.

VOA-MN and authorized schools acknowledge that charter schools must operate in compliance with state and federal laws. Standard Two includes compliance with state and federal *laws* in addition to *deadlines*. The proper use of public funds is included under this standard.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.

0 = not submitted

1 = n/a

2 = submitted

Method of Examination:

- a. *Review email and attached MDE documentation sent to VOA-MN from the school confirming the submission of the audit report to these organizations.*

In addition to the audited financial statements due date of December 31 each year, there are two dates prior to this that are equally as important for the schools to adhere to.

The three dates to report unaudited and audited financial information are:

1. **Minnesota Statutes, section 123B.77, Subd. 2. Audited financial statement.** Each district must submit to the commissioner by **September 15** of each year unaudited financial data for the preceding fiscal year. These financial data must be submitted in the format prescribed by the commissioner.
2. **Minnesota Statutes, section 123B.77, Subd. 3. Statement for comparison and correction.** By **November 30** of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year.
3. **Minnesota Statutes, section 123B.77, Subd. 3. An audited financial statement** prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by **December 31**.

Schools must have a completed audit with a hard copy submitted to the Office of the State Auditor (OSA) and the authorizer by December 31. An electronic copy is submitted to MDE.

Standard Four: Schools are expected to have audits that are free of all findings.

0 = 1 or more “material weakness” or legal compliance finding(s)
1 = 1 or more “significant deficiency” finding(s)
2 = no findings

Method of Examination:

- a. *Review school’s financial audit report*

Included in the annual audit report is the required Report on Internal Controls which includes the auditor’s considerations on the school’s internal control over financial reporting. This is done to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

In addition to the above listed internal control findings, another report that is included in the school's financial audit report is called the Report on Legal Compliance which may include legal compliance findings. The Minnesota Legal Compliance Audit Guide for Charter Schools, promulgated by the State Auditor pursuant to *Minnesota Statutes 6.65*, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools.

The table below illustrates this information for the past four years:

FOUR YEAR AUDIT FINDING HISTORY								
	FY 2018 (18 schools)		FY 2019 (18 schools)		FY 2020 (17 schools)		FY 2021 (17 schools)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Legal compliance finding	2	11	3	17	2	11	3	18
Material weakness	5	28	5	28	3	18	4	24
Significant deficiency	4	22	2	11	3	18	3	18
One or more of any finding	8	44	8	44	3	18	8	47

Out of the 17 VOA-MN authorized schools in FY 2021, there were 3 legal compliance findings, 4 material weaknesses findings, 3 significant deficiency findings and 8 had one or more of any finding.

Audits that are “*clean*” and conducted according to *Minnesota Statutes, section 123B.77* may still not be free of all findings. Whether the audit contains a *deficiency in internal control*, a *significant deficiency* or a *material weakness* finding, the standard is rendered “*not met*.”

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.

0 = late > 3 times

1 = late 1-2 times

2 = never late

Method of Examination:

- a. Examine the school’s monthly check registers*
- b. Examine the school’s monthly cash flow projection*
- c. Review the school’s board meeting agendas and minutes*

The proper payment of obligations is a strong measure of organizational health and a standard to be met by schools. Assuring that prompt payment of bills occurs is not only a good practice, it is required by *Minnesota Statutes, section 471.425*. This is evidenced through monthly check registers and cash flow projections that are reviewed by the school board and by VOA-MN financial analysts.

Boards must strive to meet financial obligations and timely payments of bills. If, for example, bills are not paid on time and there is sufficient cash on hand it may indicate a management problem, typically a breakdown of internal controls and assignment of duties. Conversely, if invoices are held due to a lack of cash on hand this also signals a problem that may need to be addressed with short term borrowing and/or in more extreme cases, making budget cuts and revising the school’s budget.

The school’s cash flow projection may be the first indicator that a school will face issues on paying their current obligations in a timely fashion. It is imperative that the school board review this document on a monthly basis.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.

0 = missed > 2 times

1 = missed 1 time

2 = never missed

Method of Examination:

- a. *Review the school's board packet for inclusion of all documents*

Regular oversight of the school fiscal condition is a standard that is possibly one of the most important practices for a board to ensure fiscal responsibility and the appropriate use of public funds. The board and VOA-MN typically reviews at least the following financial documents each month:

Balance Sheet	Assists in determining fund balance percentage
Income Statement	Allows for the monitoring of budget to actual items
Cash flow projection	Allows for a review of cash on hand for short-term obligations
Check register	Assists in assessing the proper use of public funds, sequential check number order and meeting of current obligations

The enrollment report is also a critical piece of information for the board. The board should compare the budgeted Pupil Units to the current Pupil Units. Boards realize that an enrollment report based upon head count alone provides insufficient data upon which to compare budgeted to actual revenues especially when there is a mix of K-12 students. A current head count does not consider the length of time (Average Daily Membership) that a particular student is enrolled at the school or pupil weighting differences in elementary VS secondary students.

Finally, it is expected that each board member, at some point in a month, scrutinizes the key data pieces in the reports. If a treasurer's report is contained in a consent agenda and it is lacking a meaningful read on the fiscal health of the organization, oversight is lacking, especially if the board only meets 5-6 times a year. There are boards that believe that as long as one member of the board reviews the reports, or as long as a committee may review some of the reports, all is well. Minutes should reflect that some type of oversight and evaluation was conducted and articulated to the full board. Some vendors provide quality overview information including the net revenue and expenditures for the month and budgeted to actual pupil units for placement in the school board meeting minutes.

Standard Seven: The school develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.

- 0 = < 15%
- 1 = 15-20%
- 2 = 20% or >

Method of Examination:

- a. *Review the school's General Fund balance policy*
- b. *Review the school's monthly financial reports*
- c. *Review the school's board meeting agendas and minutes*

This standard considers the existence of a General Fund balance policy that contains conditions necessary to assist in the maintenance of fiscal health. A quality fund balance policy will conform to required parameters of Uniform Financial Accounting and Reporting Standards (UFARS) as well as Government Accounting Standards Board (GASB) 54. The policy will denote the required divisions of reserves as well as contain a method to safeguard the balances. In the case of a negative fund balance, Statutory Operating Debt (SOD) could occur according to Minnesota Statutes, section 123B.81 which states: a school district or charter school is in Statutory Operating Debt (SOD) when it reports a year-end net negative unreserved general fund balance exceeding more than 2-1/2 percent of its unreserved/undesignated operating expenditures. This would place a school in financial jeopardy and the board would want to take immediate action to reverse the downward trend. Boards allow schools to slip into SOD by not adhering to a strongly written fund balance policy or adhering to a policy that allows for improper financial practices to occur without correction.

Proper board oversight aided by a well-developed General Fund balance policy can help place the school on sound and sustainable footing. Boards that do not have a policy or have a policy that can easily be set aside cannot ensure that adequate reserves will be on hand for unexpected downturns in enrollment or unplanned costs and/or increases in expenses.

Therefore, a quality fund balance policy:

- (1) Complies with GASB 54
- (2) Contains an unreserved, unassigned fund balance target of a minimum 20% (not an extreme range, for example, 5% to 25%)
- (3) Contains long range targets for fund balance use in an assigned category
- (4) Contains correction language if the target is missed.

The unreserved or unassigned General Fund balance is a critical figure used to calculate the health of an organization.

FY 2021 VOA-MN authorized schools had General Fund balances ranging from 2% to 93%. There were thirteen (76%) schools that achieved the desired target of a 20% minimum balance. Appendix One contains a listing of VOA-MN schools and the percent of fund balance attained for each.

The following table provides fund balance comparison information for all charter schools authorized by Volunteers of America-Minnesota. Non-reporting schools in a planning year are not included. All schools that reported by December 31, 2021 are included.

FOUR YEAR GENERAL FUND BALANCE HISTORY								
	FY 2018 (18 schools)		FY 2019 (18 schools)		FY 2020 (17 schools)		FY 2021 (17 schools)	
Fund Balance	# of Schools	% of Schools	# of Schools	% of Schools	# of Schools	% of Schools	# of Schools	% of Schools
30% or >	3	17	3	17	4	24	7	41
20% - 29.99%	7	44	7	44	5	28	6	35
10% - 19.99%	4	17	4	17	4	24	1	6
0 – 9.99%	4	22	4	22	4	24	3	18

A drop of a fund balance for a particular charter school may not necessarily be a concern to a board of directors if it is a controlled spend-down using expenditure items that do not carry a strong responsibility into the next year. A reasonable and recommended General Fund balance range (not contractual) was between 25% and 40% with past holdback levels.

Reaching the recommended **target** depends on the years of experience of the school, fluctuation in enrollment, the setting and demographics of the school and its community and the percent of holdback of state aid in any given year that would affect cash flow. Some schools must be content with a reasonable percent of growth of their General Fund balance until a target is reached and until assignments are fulfilled. Currently, the target for meeting the standard, similar to last year, is a minimum of 20%, which includes non-spendable reserves.

A minimum General Fund balance was typically estimated by many auditors as a three-month operation funding and sufficient fund reserves to account for emergency situations, program improvements, and fluctuations in the holdback or metered payments.

Although the VOA-MN standard concentrates on the General Fund balance, the other major operating funds of Food Service (Fund 2) and Community Service (Fund 4) must also be reported as neutral or positive. Fund transfers to these funds from the General Fund (Fund 1) are conducted

prior to the close of the books for a fiscal year and prior to a final audit of data and conducted within the limits of Minnesota Statutes, sections 123B.79 and 123B.80. Transfers should be presumed to occur as the school builds the budget not as an end-of-year surprise.

A school is judged as having met the standard if they have a quality General Fund balance policy (stated target, consistent with GASB, and recourse if target is not met) and an actual balance of at least 20% in FY 2021. Negative balances should not exist in the General, Food Service or Community Service Funds.

Several schools have done an excellent job of building strong General Fund balances and forestalling any use of a Line of Credit. Some of those schools built large General Fund Balances so that special projects could be accomplished without borrowing utilizing a controlled spend down of their fund balance.

If thresholds are not met, a specific set of reasons may offset the apparent negative interpretation. For example, a General Fund balance may show a drop due to a “controlled spend-down.” The board may have used some of its General Fund balance to purchase new computers for students and was still above the minimum balance of 20%.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.

0 = 0-4 meetings/year
1 = 5-7 meetings/year
2 = 8-12 meetings/year

Method of Examination:

- a. *Review the school’s board meeting agendas and minutes*

A finance committee is a subcommittee of the school board that meets monthly to review the school’s financial reports in detail and subsequently reports the highlights and significant events of the meeting to the full board at the next regularly scheduled meeting. This is a great way to disseminate information to the board through members who are financially adept and able to communicate with the school leaders about financial matters.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.

*0 = some committee members **have not** received formal/informal training during the year relating to their roles and responsibilities on the finance committee*
1 = n/a

*2 = all committee members **have** received formal/informal training during the year relating to their roles and responsibilities on the finance committee*

Method of Examination:

- a. *Observe and query school board members at board meetings (if applicable)*
- b. *Review the school's board meeting agendas and minutes for board training on school finances*

Training of the board in financial oversight is an important measure to ensure the ability of members to effectively govern the school's through financial policies. Minnesota school finance systems are constantly changing in an attempt to better meet the needs of students and promote equity among schools. There is always a need for more training. The board needs to be fully trained according to Minnesota Statutes, Chapter 124E.

The staff and board need to attend training programs on a consistent basis, including those at MDE and through other organizations, institutions or enterprises. Training can be basic or on-going and can come from a variety of sources, but should be given proper attention. It is noteworthy that VOA-MN has offered tuition-free training to all of its authorized schools and will continue to seek opportunities to inform authorized schools on matters of financial importance. Individual assistance was also provided to schools in the form of short-term training and the dissemination of exemplar practices and sample policies.

Standard Ten: The school is not in Statutory Operating Debt (SOD).

0 = in SOD

1 = n/a

2 = not in SOD

Method of Examination:

- a. *Review budget*
- b. *Review the school's board meeting agendas and minutes*
- c. *Review financial audit*

As mentioned above, SOD occurs if the percent of fund balance is less than 2.50% of school unreserved/undesignated operating expenditures. A review of the school's current year budget is the first document that would indicate if the school would be in SOD. Adherence to a sound fund balance policy, diligent financial management and strong enrollment trends are factors that will keep a school out of SOD.

VOA-MN Standard Measurement

VOA-MN holds the schools it authorizes accountable in fiscal management by the use of the above outlined standards. Measurements tools including the prior year audit, current year operating procedures, financial policies and MDE data submission reports are used by VOA-MN financial analysts to evaluate the performance of the school on each standard using the following scale:

- 2 = Meets standard
- 1 = Partially meets standard
- 0 = Does not meet standard

This assessment is included in the annual School Financial Oversight Report that is published in the spring of the current year and is used in contract renewal determinations.

Summary

Ten key financial oversight standards that every VOA-MN charter school strives to achieve are the basis for the VOA-MN Finance Award of Excellence. There were various data sources and documents examined during the review of the fiscal condition of each school. There was a review of the original budget and monthly income statement, balance sheet, check registers, cash flow projections, enrollment reports along with school board and finance committee meeting agendas and minutes. Various school reports were reviewed that were submitted to MDE for UFARS and ADM enrollment updates and projections. That examination was followed by a review of the school financial audit reports and revised budgets. Finally, selected financial documents and practices were studied including finance related policies, appropriate use of public funds and various internal systems.

INDIVIDUAL SCHOOL ANALYSIS

Athlos Academy St. Cloud

3701 33rd Street South
St. Cloud, MN 56301

Phone: 320-281-4430
www.athlosstcloud.org

Director: Randy Vetsch

School Profile

In addition to preparing children to excel academically, Athlos Academy of St. Cloud also prepares students for lifelong success by focusing on health and performance character education. For students to succeed in academics, and in life, they need to be more than just academically adept, and that is why our unique three-pillars approach to education combines Prepared Mind, Healthy Body, and Performance Character.

Vision

The Vision of Athlos Academy of St. Cloud is to produce students who are well-prepared to face life's challenges and who have developed critical thinking and problem-solving skills as well as a broad knowledge base and healthy lifestyle habits. The school's culture celebrates high academic achievement, fosters individual growth in athleticism and Performance Character, and promotes regular family engagement.

Mission

The mission of Athlos Academy of St. Cloud is to provide high quality educational opportunities for the whole child built on the three foundational pillars of Prepared Mind, Healthy Body, and Performance Character.

AASC Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school's original FY 2021 General Fund budget approved at the April 2020 board meeting was based on 600 ADMs and a projected deficit of \$11,477. A revised budget was reviewed and approved by the board at the March 2021 board meeting based on enrollment of 610 ADMs and indicates a year-end surplus of \$54,655.

The school ended FY 2021 with a surplus of \$216,821 in the General Fund and ADM of 629 based on results reported in the FY 2021 financial audit.

The following are highlights from the audit:

Financial Highlights:

- *The deficit net position of Academy was \$2,360,304 at the close of fiscal year 2021. Of this amount, \$2,550,017 represents deficit unrestricted net position. The deficit can be attributed to the Academy's net pension liability, which is recorded as a result of implementing GASB Statement No. 68.*
- *The Academy's total net position decreased by \$879,539 due to expenditures exceeding revenues. The largest explanation for the decrease is pension expense related to changes in the net pension liability, recorded as a result of GASB Statement No. 68.*

- *As of the close of the current fiscal year, the Academy's governmental funds reported an ending fund balance of \$878,321. Approximately 82.7 percent of this total amount, \$726,803 (unassigned fund balance), is available for spending at the Academy's discretion.*
- *At the end of the current fiscal year, unassigned fund balance for the General fund was \$726,803 or 8.4 percent of total General fund expenditures.*

General Fund Budgetary Highlights

- *The Academy amended their budget during the year. The original General fund budget called for a decrease of \$11,477 in fund balance. The final budget called for an increase in fund balance of \$54,665.*
- *Overall, total revenues were \$220,299 under budget. The largest revenue variance was revenue from federal sources, which was \$175,118 more than anticipated.*
- *On the expenditure side, expenditures were \$28,743 under budget. A few of the largest variances included instructional support services coming in \$157,716 over budget, offset by administration expenditures being \$136,611 under budget.*

The school has maintained a balanced budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
X	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained no material weakness or significant deficiency findings in internal control over financial reporting and no legal compliance findings. The following is a summary from the FY 2021 financial audit report:

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

The Minnesota Legal Compliance Audit Guide for Charter Schools, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Charter Schools.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times

	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
X	0 = missed > 2 times
	1 = missed 1-2 times
	2 = never missed
Data Source: Board packets	

The school did not provide financial reports and data to the board or VOAMN in a timely manner throughout FY 2021. After repeated requests from the financial analyst to the school leaders, the information was still not received. Notes from the financial analyst monthly logs included the following:

July 2020: Need CF and enrollment (director's report says FY21) for April, May and June. Need April check register. Emailed Randy on 7/22. Randy emailed me some information on 7/23 but it didn't include what I needed. I sent this to him on 7/23: The enrollment on page 4 is for FY21. Also, the April financials don't include a check register or cash flow and the May is missing the cash flow and the current enrollment is for FY21 also.

August 2020: Still need the items from July as of 9/8.

September 2020: Still need the items from July as of 10/2. Need July financials – emailed Randy on 10/2.

October 2020: Still need all the items from July through September. No cash flow in October fin cmt mtg packet. No approval of Aug financials in Sep minutes. Deleted old items that I did not get a response on this month.

November 2020: Still need all the items from July through October. No approval of financials in Oct minutes. No cashflow or detailed rev and exp report in packet.

December 2020: Need all items from July through November.

January 2021: Deleted all prior requests this month. Need check register for December. No approval of Aug fins in Sept minutes. No approval of Sept fins in Oct minutes. No approval of Oct fins in Nov minutes. The financials don't include a detailed revenue and expense report or cash flow projection.

February 2021: Need check register for December. Received April 6, 2021.

March 2021: The financials include a detailed revenue and expense report and cash flow projection beginning in Feb.

May 2021: Need April check register – emailed Summer on 6/7/21.

The school was working through a transition of financial managers in FY 2019 and struggled to provide the monthly financial reports to the school board and VOAMN. It was expected that performance in this area would improve greatly in FY 2020 and FY 2021 and that the school would develop processes and procedures to ensure progress. While progress did occur, I would encourage that the school strive to ensure that all monthly financial information is shared in a timely manner.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.

X 0 = < 15%

1 = 15-20%

2 = 20% or >

Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY

	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$296,353	\$621,776	\$579,499	\$796,320
Fund Balance Percent	3.74%	7.3%	5.9%	8.4%

An excerpt from the financial audit states:

- *The General fund is the primary operating fund of the Academy. At the end of the current year, the fund balance of the General fund was \$796,320. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 8.4 percent of fund expenditures. The fund balance of the Academy's General fund increased \$216,821 during the current fiscal year. The increase in fund balance is due to the revenues recorded in the fund exceeding the expenditures in the current year, mostly due to revenue from federal and state sources.*

The school has a fund balance policy in place which states:

"Minimum unassigned fund balance – Athlos Academy of St. Cloud will maintain a minimum unassigned fund balance in its General Fund that meets or exceeds the target described below. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

- 1. Athlos Academy of St. Cloud's ultimate target fund balance is 20%.*
- 2. In the first year of operation, Athlos Academy of St. Cloud will have a target fund balance of 1%*
- 3. The target fund balance will increase annually at a minimum of 1% per year and will reach the ultimate target fund balance in as few years as is fiscally responsible."*

The policy also contains exemplar instructions when the amount exceeds 30%:

"Surplus fund balance – Should unassigned fund balance of the General Fund ever exceed 30%, Athlos Academy of St. Cloud will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures."

The school's FY 2021 ending General Fund balance increased 2.5% from the prior year and the board will want to work on increasing that per the General Fund balance policy it has in place.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school's finance committee met in nine times during FY 2021. The school's website includes the following finance committee description:

FINANCE COMMITTEE

Primary Goals: *To ensure complete and accurate financial reporting to the board and advise on financial issues.*

Tasks:

- *Work with school administration to create the upcoming year's budget and recommend it for Governing Board approval.*
- *With school administration, monitor implementation of the current approved budget, making recommendations for adjustments as necessary.*
- *Ensure the school adopts and follows sound fiscal policies and procedures.*
- *Provide oversight for the open bid process and ensure that multiple quotes are obtained as per financial policy and in compliance with law.*
- *Ensure compliance with authorizer's fiscal standards.*
- *Facilitate the annual audit process.*
- *Regularly report to the Governing Board and annually evaluate the effectiveness of the committee.*

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

Per the school director, all finance committee members received formal/informal training during FY21 relating to their roles and responsibilities on the finance committee.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Athlos Leadership Academy

10100 Noble Parkway North
Brooklyn Park, MN 55443

Phone: 763-777-8942

www.athlosbrooklynpark.org

Superintendent: Jennifer Geraghty

School Profile

Athlos is a unique public-school model that prepares kids for a competitive future in three essential ways: Academics + Fitness + Character. We take outstanding instructors, proven teaching methods and add innovative coaching in areas proven to help children learn. In fact, the principles and skills taught at Athlos are a better indicator for lifelong success than GPA alone.

Athlos embraces challenging academics alongside lessons about “Performance Character.” Study after study links physical activity with academic achievement. Therefore, Athlos integrates a planned, age-appropriate fitness program with a technology and physical education minded facility that allows our philosophy to be put into practice.

ALA Website

VOA-MN Standard Analysis

The school’s evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position

Data Source: Original and revised budgets, annual financial audit report, monthly income statements.
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The school's original FY 2021 General Fund budget was approved at the May 2020 board meeting and reflected a surplus of \$78,054 based on 900 ADM. The school revised the budget in March 2021 with the same ADM and projected a surplus of \$279,300. The school ended the year with a surplus in the General Fund of \$789,745, 917 ADMs, and an ending fund balance of \$2,924,819.

The following is an excerpt from the FY 2021 financial audit report:

FINANCIAL HIGHLIGHTS

- *The liabilities and deferred inflows of resources of the Academy exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$4,150,211 (negative net position). Of this amount, negative \$7,771,501 is considered unrestricted.*
- *The Academy's total net position increased \$368,823 as a result of current year operations.*
- *At the close of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of \$6,501,609, an increase of \$910,522 in comparison with the prior year. Approximately 43 percent of this amount, \$2,827,255, is available for spending at the Academy's discretion.*
- *At the end of the current fiscal year, unassigned fund balance for the General Fund is \$2,827,255, or 22 percent of total General Fund expenditures.*
- *The Academy's total debt decreased by \$266,152, or 1 percent, largely as a result of principle payments made during the year.*

The FY 2021 audit also states the following:

Some significant items to note include the following:

- *The current year increase in net position was \$368,823, compared to a decrease of \$30,499 in the prior year. This was a*

result of a 3.3 percent increase in revenues and a 0.4 percent increase in expenses during fiscal year 2021.

- Operating grants and contributions increased \$223,212, primarily due to additional funding received from the Federal government in response to the coronavirus pandemic.*

General Fund Budgetary Highlights

The Academy's General Fund budget was amended during the year. The revenues budget was increased by \$239,120, and the expenditures budget was changed in several functions for an overall increase of \$37,843 from original to final. The final budget called for expenditures of \$12,864,439, and an increase in a fund balance of \$279,330. Actual revenues recognized during the year exceeded budgeted amounts by \$431,984, and expenditures were more than those budgeted by \$132,312. Therefore, including capital lease proceeds of \$252,362 and transfers to other funds of \$41,619, the current year increase in fund balance was \$510,415 more than budgeted.

Overall, the school has maintained a balanced budget.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted

Data Source: Email from the school with attached MDE documentation.

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.
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	0 = 1 or more “material weakness” or legal compliance finding (s)
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	1 = 1 or more “significant deficiency” finding(s)
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X	2 = no findings
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Data Source: The school’s financial audit report.

The school’s FY 2021 financial audit contained no findings. The audit included the following:

In connection with our audit, nothing came to our attention that caused us to believe that Athlos Leadership Academy failed to comply with the provisions of the uniform financial accounting and reporting standards and charter schools sections of the Minnesota Legal Compliance Audit Guide for Charter Schools, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.

	0 = late > 3 times
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	1 = late 1-2 times
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X	2 = never late
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Data Source: Monthly check registers, cash flow projections, board meeting agenda’s and minutes.
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The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The school has consistently provided complete financial reports in the monthly board packets to VOA-MN and the school board for FY 2021.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$1,421,946	\$1,438,861	\$2,135,074	\$2,924,819
Fund Balance Percent	12.53%	12.35%	17.56%	25.76%

The school has a fund balance policy in place which states:

V. *MINIMUM FUND BALANCE*

The school district will strive to maintain a minimum unassigned general fund balance of 5% - 30% percent of the annual budget.

The school's General Fund balance increased 5% from FY 2020 to FY 2021 due to a surplus of \$789,745. An excerpt from the FY21 audit states:

The fund balance of the General Fund increased by \$789,745. Revenues increased approximately 5.63 percent from the prior year, while expenditures increased approximately 6.91 percent.

The school has met the VOA-MN General Fund balance target of 20% and has met the range stated in their fund balance policy.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee that met ten times in FY21. An excerpt from the December 2020 finance committee minutes demonstrates that the committee covers relevant financial topics:

- *The committee reviewed the November financials. Our fund balance is currently at 18% of total expenditures. The school has spent 40% of budgeted General Fund expenditures, which is a little under budget for the year.*
- *The FY21 budget is currently based on an ADM of 900. Our current ADM is 916.*
- *The Community Education Fund continues to have a loss in both the PreK and before and after school programs.*
- *The Food Service Fund has a fund balance that can be spent on food service-related expenses.*
- *Jenny Abbs reported that Jen Geraghty has been looking into building insurance options and it looks like building insurance expenses will not be going up as much as originally expected.*

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.

	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

Per the school's director all finance committee members received training during FY21.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Birch Grove Community School

PO Box 2383
Tofte, MN 55615

Phone: 218-663-0170
www.birchgroveschool.com

Director: Diane Blanchette

School Profile

Our elementary students flourish in multi-grade classrooms, where every child receives one-on-one attention and benefits from working together with classmates in an encouraging and vibrant setting. Parents and community members actively engage in student learning and work in concert with teachers and staff members to promote the best interest and success of each student.

Our Mission

Birch Grove Community School will promote academic excellence utilizing our unique natural setting allowing students to reach their potential, preparing them to become socially and environmentally responsible, self-directed, life-long learners.

Our Vision

Birch Grove Community School envisions quality curriculum, excellent staff, and committed families and community members.

Our vision also includes:

- A K-5 educational program in multi-grade classrooms.
- Low student/teacher ratios.
- A focus on: reading, writing, and mathematics.
- Preparing students to be active and responsible citizens in their community.
- Encouraging student/parent/community ownership in their community school.

Birch Grove Community School will provide a nurturing and safe environment where:

- Parents and community members are actively engaged in student learning.
- High expectations for students and staff are modeled and clearly defined.
- Quality programs are developed, evaluated, and continuously improved.
- All students' needs are met.
- Student-teacher ratios in the classroom are low.

- Students' lives are further enriched through active partnership with local citizens.

BGCS Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school's original FY 2021 budget approved in June 2020 was based on 28 ADM with a projected deficit of \$30,542. The school revised the budget in December 2020 based on 40 ADM and reflected a surplus of \$23,447.

The school's audit report includes the following highlights:

General Fund Budgetary Highlights

During the year ended June 30, 2021, the School made revisions to its General Fund operating budget. In accordance with Minnesota Statutes, an expenditure budget must be in place prior to the beginning of the fiscal year in order to spend funds. Prior to July 1, the School Board approves the budget for next year. A revised budget was necessary to incorporate data that was not available at the time of the preliminary budget.

The School's General Fund final budget anticipated that expenditures would exceed revenues (before other financing sources and uses) by \$24,647. Actual results for the year reported expenditures exceeded revenues (before other financing sources and uses) by \$47,393. Actual revenues were more

than projected by \$33,377, primarily due to revenues from state and federal sources being higher than budgeted by \$20,584 and \$8,568, respectively.

Actual expenditures were \$10,631 more than budgeted, primarily due to expenditures for instructional support services and capital outlay being over budget by \$11,380 and \$17,566 respectively. This was partially offset by expenditures for special education instruction services being under budget by \$22,309.

The school ended the year with a FY 2021 General Fund surplus of \$69,857 resulting in an ending General Fund balance of 22.28%. The FY 2021 financial audit noted:

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2021 include the following:

- Net position at June 30, 2021 is a deficit of \$249,733. This is a decrease in the deficit of \$71,821, or 22.34 from the prior year.*
- School-wide revenues were \$764,214 and overall expenses were \$692,393.*
- General Fund revenues were \$608,314, expenditures were \$560,921, transfers to the Food Service Fund were \$3,500, and proceeds from an installment note payable were \$22,464. This resulted in an increase in fund balance of \$69,857.*

Overall, the school has not maintained a balanced General Fund budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
X	1 = 1 or more "significant deficiency" finding(s)
	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained one finding as noted in the excerpts from the financial audit report Schedule of Findings and Responses:

Finding: 2021-001 – Preparation of Financial Statements

Condition

The School's auditor prepares the financial statements. This is not unusual in schools the size of Birch Grove Community School, Minnesota Charter School No. 4145's; however, the School's management and governance personnel should be aware that even though they assume responsibility for the financial statements the fact that the auditor has prepared the financial statements indicates a control deficiency by management.

Recommendations

We recommend that management become knowledgeable in financial statement preparation so that management can prepare the financial statements for audit purposes. If management does not feel that it desires to obtain this knowledge and expertise then it should consider contracting with a third-party accountant that would prepare year end adjusting entries to the

financial records and also prepare the financial statements for audit purposes.

Actions Planned in Response to Finding

The Board will continue to have the contracted auditor for the year prepare the financial statements. The Board will consider internal control procedures consistent with those outlined above within the segregation of duties and with Board guidance (approval of policies and/or procedures). In addition, all financial statement reviews will be documented.

The audit report also includes the following clarification of the findings:

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency: 2021-001.

As noted in the school's response to these findings, the board will continue to have the school's auditor prepare the financial statements and will ensure that all financial statement reviews are documented.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The school board reviews and approves various financial reports at each meeting and regularly receives an update from the finance and fundraising committees. The school has provided all monthly financial reports in a timely manner.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
X	0 = < 15%
	1 = 15-20%
	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$51,476	\$54,617	\$51,965	\$120,885
Fund Balance Percent	10.61%	10.78%	6.5%	22.28%

The school's FY 2021 General Fund balance increased vastly from the prior year. The school has a fund balance policy in place which states:

The school will strive to maintain a minimum unassigned general fund balance of 20-25% of the annual expenditure budget.

The FY 2021 financial audit stated the following:

The School Board strives to maintain an unassigned fund balance in the General Fund amounting to 6.5% of the General Fund operating budgeted expenditures for each fiscal year. At June 30, 2021 the School's fund balance met the policy required 6.5% level.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
X	1 = 5-7 meetings/year
	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee that met six times in FY 2021.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

All finance committee members received ongoing financial training titled Adopt a Budget on March 15.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

FIT Academy

7200 147th Street West
Apple Valley, MN 55124

Phone: 952-847-3798
fitacademymn.org/

Director: Claud Allaire

School Profile

The purpose of FIT Academy is to prepare the whole student for life. We believe our school empowers students to live fulfilling, responsible, and successful lives by purposefully integrating the three developmental areas of **Fitness, Intellect, and Teamwork**. These three areas make up the FIT acronym and this purposeful integration results in an impact on student development that is far greater than the sum of each individual developmental area.

FIT Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
X	0 = deficit position
	1 = n/a
	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

FY 2021 was the school's fourth year of operation with an initial board approved budget in May 2020 based on 330 students and a resulting deficit of \$1,129. The budget was revised to reflect a

decrease in student enrollment to 290 and an operating deficit of \$10,178. The school ended the year with ADM's of and a deficit of \$19,803.

Regarding financial performance, the FY 2021 financial audit noted the following:

FINANCIAL HIGHLIGHTS

- *The liabilities and deferred inflows of resources of the Academy exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$123,396 (negative net position). Of this amount, negative \$385,996 is considered unrestricted.*
- *The Academy's total net position decreased \$49,940 as a result of current year operations.*
- *At the close of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of \$272,641, an increase of \$2,434 in comparison with the prior year. Approximately 66 percent of this amount, \$179,810, is available for spending at the Academy's discretion.*
- *At the end of the current fiscal year, unassigned fund balance for the General Fund is \$179,810, or 5% of total General Fund expenditures.*
- *The Academy's total long-term debt decreased by \$372,700 in the current fiscal year, due to the forgiveness of the Payroll Protection Program loan.*

General Fund Budgetary Highlights

The Academy's General Fund budget was amended during the year. The revenues budget was decreased by \$501,062, and the expenditures budget was changed in several functions for an overall decrease of \$492,013 from original to final. The final budget called for expenditures of \$3,957,463 and a decrease in fund balance of \$10,178. Actual revenues and expenditures came in below budgeted amounts by \$20,775 and \$11,150, respectively.

The school has not maintained a balanced budget this fourth year of operation.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.

	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
X	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained no findings as noted in these excerpts from the FY 2021 financial audit report:

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

In connection with our audit, nothing came to our attention that caused us to believe that FIT Academy failed to comply with the provisions of the uniform financial accounting and reporting standards, and charter schools' sections of the Minnesota Legal Compliance Audit Guide for Charter Schools, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65, insofar as they relate to accounting matters.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
X	0 = missed > 2 times
	1 = missed 1-2 times
	2 = never missed
Data Source: Board packets	

The board receives regular finance committee reports which includes a review of monthly financial statements. The school did not consistently provide required monthly financial reports to VOA-MN and the board through June 2021. Missing items included:

- No review and approval of the July 2020 financials. Per the director: *That is correct. We did not review financials in July but did approve the August financials at our October board meeting.*
- No current enrollment in the August 2020 financial packet.
- No July cash flow for the December 2020 board meeting. Per the director: *You are correct. I'm not sure why but we did transition from Chuck Herdegen to Mindy Wachter as our main accountant from BergenKDV. Mindy is very capable but there were a few bumps in the road such as this.*
- No review and approval of the July 2020 financials. Per the director: *Finance: Review & approval of December financials- tabled until next meeting finance meeting scheduled for 2/18 and Noon.*
- No current enrollment in the April 2021 financial packet.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
X	0 = < 15%
	1 = 15-20%
	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$621	(\$48,149)	\$254,659	\$234,856
Fund Balance Percent	.03%	-1.22%	7.18%	5.82%

The school board adopted a General Fund balance policy in June 2018 which states:

The school district will strive to maintain a minimum unassigned general fund balance of 20 percent of the annual budget.

An excerpt of the audit report states the following regarding the general fund:

The fund balance of the General Fund decreased by \$19,803. Operations were similar to that of the prior year, with the exception of both revenues and expenditures decreasing approximately 5 to 6 percent in comparison to the prior year.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee that met eight times in FY 2021. The financial statements and management reports are generally presented by the contracted financial manager and discussed with

the group. A summary report is then shared at the upcoming board meeting with all board members for review and approval. An excerpt of an email from the director explains:

Up until COVID, we held monthly in-person finance meetings, the first Wednesday morning of each month but we did not take minutes. Since COVID, our meetings have been on an as needed basis with monthly reviews as part of our board meetings. We do not keep minutes of the finance committee meetings but we have been meeting each month.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

The following is an excerpt from an email received from the school director on January 6, 2021.

Our finance committee consists of myself, our board chair Jan Markison, and treasurer Bill Schneider. Both received finance training at our December 15 2021 board meeting. Jan had also previously been trained. Our finance committee met bi-monthly the first part of the year and over the summer and monthly since August.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Green Isle Community School

190 McGrann Street, PO Box 277
Green Isle, MN 55338

Phone: 507-326-7144
www.greenislecommunityschool.org

Director: Serenity Cox

School Profile

Mission: Green Isle Community School will foster a positive and respectful multiage environment that promotes educational excellence, service learning, community connections, and responsible citizenship.

Vision: Green Isle Community School will be a school of excellence, one that supports rigorous and responsible academic, social, and behavioral quests.

Purposeful efforts to create a nurturing, stimulating multiage learning environment will foster respect, cooperation, character development, and peace-filled relationships.

The school will provide students an authentic voice that enhances leadership, activism, and civic responsibility.

The school will enrich the greater Green Isle Community by establishing traditions that celebrate history and heritage.

GICS Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.
--

	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school's original FY 2021 budget was approved by the school board in May 2020 with a projected surplus of \$10,858 and an ADM of 48. The school did not revise the budget during the year. The FY 2021 financial audit noted the following financial highlight:

The School's enrollment in fiscal year 2021 was 49 Average Daily Membership (ADM) compared with 59 ADM in fiscal year 2020. The ADM for fiscal year 2022 is estimated at 47 which we expect to be stable.

The sustainability of the school has been cited as a concern in the FY 2021 financial audit as noted below:

It should be noted that in the spring of 2015 the Green Isle Community School Board entered into serious discussions about the sustainability of the School. The City of Green Isle has a strong desire for the School to continue and was involved with these discussions. In the spring of 2015, the Board voted to remain open after seeing a very bare bones budget that could have the School surviving with only 39 students. This budget approval necessitated a nearly complete overhaul of teaching staff to bring the salaries down. The City of Green Isle also included some financial assistance within its budget. These two factors allowed the Board to open for fiscal years 2016 and 2017 but was discontinued in fiscal year 2018. Time will tell if this move will impact the program side of the School, but it did help considerably with the financial side. The School will remain open for fiscal year 2022, but developing a balanced budget is still a serious unsolved issue.

The school's General Fund incurred a surplus in FY 2021 of \$18,008 and has maintained a balanced budget for FY 2021. The school should work on increasing the General Fund balance according to the board policy.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.

	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
X	0 = not submitted
	1 = n/a
	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school did not submit its financial audit to the MDE, Office of the State Auditor, and the authorizer by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
X	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained one finding that was considered to be a material weakness and is noted in the following excerpts from the Management Letter:

2021-001 Segregation of Duties

Condition: During our audit, we found the school has a limited segregation of duties related to many aspects of its accounting system.

Criteria: There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different

employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.

Cause: Specific situations include: cash receipts, cash disbursements and payroll. The Business Manager has responsibility over all areas of authorization, custody of assets, recording and reconciling activity. While there is some review of transactions by the Board and Superintendent, there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential could go undetected.

2021-002 Material Audit Adjustments

Condition: During our audit, adjustments were needed to adjust cash balances, state and federal aid receivables, short and long-term debt activity and payroll classifications.

Criteria: The financial statements are the responsibility of the School's management.

Cause: The School does not have an internal control system designed to identify all necessary adjustments.

2021-003 Financial Report Preparation

Condition: We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

Criteria: Internal controls should be in place to provide reasonable assurance over financial reporting.

Cause: From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.

2021-004 Reconciliation of Bank Statements to SMART

Condition: During our audit we discovered that the bank reconciliation did not appropriately reconcile SMART to the School's bank statements.

Criteria: A reconciliation of the bank statements to the accounting system should be done monthly.

Cause: Reconciliations between SMART and the School's bank statements were not being performed correctly due to the change in accounting systems. Unknown reconciliation differences were not followed up on appropriately.

2021-005 Monthly Reports and Monitoring

Condition: During our audit, we noted that the School Board is not receiving accurate financial reports due to inaccurate budget information in SMART Finance.

Criteria: The School Board is ultimately responsible for overseeing financial reporting. Reviewing accounting records, including budget verses actual reports, for all funds is important in making all financial decisions. It is also important from a monitoring standpoint since there is limited segregation of duties.

Cause: Accurate budget reports did not appear to be included in the School Board packet each month.

The number of findings for the school in FY21 is concerning. The School Board and school leadership should ensure that these findings are mitigated for FY22 and future years so that the school can be successful in financial reporting and, therefore, successful in its vision of being a school of excellence overall.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times

X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
X	0 = missed > 2 times
	1 = missed 1-2 times
	2 = never missed
Data Source: Board packets	

The school did not provide monthly financial information on a consistent basis in FY 2021. The VOA-MN financial analyst noted the following items in monthly oversight reports:

- *No current enrollment or cash flow projection at the August 2021 board meeting.*
- *Need financial and current enrollment for the September board meeting.*
- *No detailed revenue and expense reports for July, December, January, February, March, April, May, and June. Talked with Honey and she took over the financial reporting on 11/1. She is transferring the information into the Smart Finance system beginning with the December financials. As of June 2021, I have not received these.*

The school has not provided financial documents in a timely and consistent manner in FY 2021. The school had a change in administrative positions during the year which added to the lapse in financial reporting to the authorizer in addition to a change in its financial software system. The school director and off-site business manager are always willing to provide documents that may have been missed or incorporate recommended improvements.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.

X	0 = < 15%
	1 = 15-20%
	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$33,921	\$35,735	(\$1,155)	\$16,853
Fund Balance Percent	3.83%	4.75%	(.14%)	1.95%

The school has a fund balance policy in place which states:

The school district will strive to maintain an unassigned general fund balance of 33 percent of the annual expenses. The school district will spend enough money so as to not have an unassigned general fund balance in excess of 100 percent of the annual expenses. The school district will at all times maintain an unassigned fund balance above 0 (zero) as reported in the year-end financial statements.

The school's FY 2021 ending General Fund balance increased over the prior year by \$18,008 and has improved the gap from sliding into Statutory Operating Debt (SOD) or (2.5%). The FY 2021 financial audit included the following regarding the General Fund balance:

General fund 01: The General fund is the chief operating fund of the School. At the end of the current year, unassigned fund balance for the General fund was \$16,542. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents a 1.9 percent of total General fund expenditures, and total fund balance represents 2.0 percent of that same amount. The fund balance of the School's General fund increased by \$18,008 during the current fiscal year mainly due to installment loan proceeds.

The school should work closely with the school board to increase the General Fund balance position and strive to meet the board's General Fund balance policy.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.

	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee that met prior to every regular board meeting in FY 2021.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

Per the school director, all finance committee members have been trained in school finance in FY 2021.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt (SOD), defined as (2.5%) of expenditures, but is very close to being in SOD with a General fund balance of 1.95%. School leadership and the board will want to work on improving the financial position over the next fiscal year.

Harbor City International School

332 West Michigan Street, Ste 300
Duluth, MN 55802

Phone: 218-722-7574
www.harborcityschool.org

Directors: Tim Tydlacka

Mission

Harbor City International School is a college preparatory, public high school. We are a small community whose mission is to nurture a sense of belonging, insist upon academic excellence, and graduate global citizens who eagerly pursue knowledge and enrich their communities.

Vision Statement

Harbor City International School is the first choice for families in the area because it supports student academic success in a rich, diverse learning environment including a wide variety of courses, travel opportunities, and community engagement. The school's inclusive environment fosters relationships and supports students, families, and faculty. The school offers an excellent college preparatory educational choice for students in grades 6 through 12.

HCIS Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position

Data Source: Original and revised budgets, annual financial audit report, monthly income statements.
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The school's original FY 2021 budget was approved by the board in June 2020 and is based on 195 ADM resulting in a projected surplus of \$22,204. The budget was revised in August 2020 based on 195 ADM and a surplus of \$314,790.

Financial highlights included in the school's FY 2021 financial audit state:

Key financial highlights for the 2020-2021 year include the following:

- *Net position (deficit) at June 30, 2021, was (\$907,654), an increase of \$189,175 from June 30, 2020.*
- *Total General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$377,945.*

General Fund Budgetary Highlights

While the District's budget for the General Fund anticipated that revenues would be more than expenditures and other financing uses by \$314,790, the actual results for the year showed revenues and other financing sources were more than expenditures and other financing uses by \$377,945. Revenues and other financing sources were \$20,740 less than budget, mostly due to lower special education revenues. Expenditures and other financing uses were \$83,895 less than budgeted due to significantly lower special education expenses and the elimination of transportation expenses as students spent the year learning from home due to the COVID-19 pandemic.

The school's FY 2021 General Fund ended the year with a surplus of \$377,945 compared to the projection of a surplus of \$314,783 increasing the fund balance from \$622,728 to \$1,000,673. Overall, the school has maintained a balanced General Fund budget in FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.

	0 = missed > 1 time
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	1 = missed 1 time
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X	2 = never missed
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Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.
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The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
X	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained one finding as noted in this excerpt from the Schedule of Findings and Responses:

Financial Statement Findings

None.

Minnesota Legal Compliance Findings

Item 2021-001 - MSA 118A.03 requires depositories of municipal funds to pledge securities as collateral for deposits that exceed federal insurance coverage (FDIC). The market value of the collateral pledged must exceed 110% of the uninsured deposits. We tested the last day of each month during the fiscal year. There were four days at one financial institution in which the insurance and the pledged collateral was not sufficient to cover deposits.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times

	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
X	1 = missed 1-2 times
	2 = never missed
Data Source: Board packets	

The school did not provide monthly financial information to the school board and VOA-MN consistently in FY 2021. The following are notes from the VOA-MN financial analyst's monthly oversight log, and explain further:

Emailed Tim and Lee on 9/30 the following:

- *Need July detailed revenue and expense reports.*

Emailed Tim and Sarah on 1/6 the following:

- *Need November ADM report.*

The reports were not received from the school.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%

	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$813,261	\$686,434	\$622,728	\$1,000,673
Fund Balance Percent	28.28%	24.57%	22.82%	36.77%

The school has a fund balance policy in place which states:

Minimum unassigned fund balance – The school will maintain a minimum unassigned fund balance in its General Fund of [20] percent of [the subsequent year's budgeted expenditures and outgoing transfers]. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing deficiencies – when fund balance falls below the minimum [20] percent, the school will replenish shortages/deficiencies using the budget strategies and timeframes described below.

The following budgetary strategies shall be utilized by the school to replenish funding deficiencies:

- *The school will reduce recurring expenditures to eliminate any structural deficit or,*
- *The school will increase revenues or pursue other funding sources, or,*
- *Some combination of the two options above*

Minimum fund balance deficiencies shall be replenished within the following time periods:

- *Deficiency resulting in a minimum fund balance between [15] percent and [20] percent shall be replenished over a period not to exceed three years.*

- *Deficiency resulting in a minimum fund balance between [10] percent and [15] percent shall be replenished over a period not to exceed five years.*
- *Deficiency resulting in a minimum fund balance of less than [10] percent shall be replenished over a period not to exceed seven years.*

The policy also contains exemplary instructions when the amount exceeds 20%:

Surplus fund balance – Should unassigned fund balance of the General Fund ever exceed the maximum [20] percent range, the school will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

The school used a portion of the General Fund balance in FY 2020, as a controlled spend down and approved by the board, and has maintained the balance at greater than 20 over the past four years.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee that met eleven times in FY 2021. All monthly financial reports are reviewed in detail at these meetings. The following is an excerpt from the April 2021 finance committee meeting minutes that demonstrates the appropriate work being done by the committee:

- *April finance documents:*
 - *Discussed the financial documents. April checks were substantially lower than the past 6 months or so; due to building lease payment (rent) not being included (but April Rent has been paid). Lee addressed questions about some of the reports: 1) a negative balance in the Math labor budget was noted; some of the math salaries are Title 1 expenses that are included in the Math Labor budget at current but will be changed to Title 1 expenses at year end. 2) The cost of Google Voice was noted; It appears that it is used by a few staff (and used a lot) and some like it as a back-up; it is covered by ESSER funds; can revisit its benefit in the fall. 3) Lee explained/clarified the Revenue v Expense report (layout) and identified the key*

columns to look at (Annual Budget, YTD, %YTD, and Remaining Balance). 4) Lee described the difference in the Outstanding Payments report since changing banks is due to still having both banks. 5) The cost of College in the Schools was noted; although apparently a large amount, in the long run it is less cheap than PSEO (as with PSEO we lose ADM).

- It was noted that ESSR 2 money is available to use (with MDE just approving budget). Can use the ESSR 2 money to repay qualifying items already purchased.
- Closing the Frandsen Bank Account
 - There are 2 issues preventing closure of the account: 1) still 1 outstanding check; 2) Need to figure out how to transfer the Amazon Smile funds - Michelle is going to call Amazon to find out.
 - Reporting will be easier once this account is closed and only 1 account needs to be reconciled.
- FY22 Budget
 - Lee shared an FY22 Budget draft.
 - End of FY21 - >\$900,000 fund balance (32.2%).
 - FY22 draft budget includes: 1) 2% increase in state funding; 2) 2% raise; 3) 192 ADM
 - Projects a \$100,000 loss (30% fund balance)
 - Lee mentioned that other options/scenarios could be considered (e.g., higher raise)
 - There was concern about the sustainability if higher FY22 expenses are higher, such as the 6-year building lease and the limited opportunity to expand (maximum additional 100 students), and potential to not meet ADM.
 - The proposed raise is equal to the projected funding increase.
 - Lee will review the draft, send it to Sarah for sharing with the Board.
 - Need to approve budget before June 30.
- There was some discussion about fundraising.
 - It is currently very limited at HCIS

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

The finance committee members received financial training by the school's financial manager in May 2021.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Kaleidoscope Charter School

7525 Kalland Avenue Northeast
Otsego, MN 55301

Phone: 763-428-1890

www.kcsmn.org

Director: Travis Okerlund

School Profile

Mission: At Kaleidoscope Charter School we cultivate community while inspiring students to grow and develop a curiosity in life and learning.

Vision: At Kaleidoscope Charter School, we develop well-rounded individuals who achieve personal excellence through our inclusive community, family involvement, and service learning. Kaleidoscope empowers our students to be engaged learners and citizens.

At Kaleidoscope our class sizes **never exceed 24 students**. Because of our small class sizes, our teachers are able to build strong relationships with their students. They provide **tailored instruction** and **immediate feedback** to all of their students.

Our teachers understand that all students learn in different ways. Some students learn best by reading material in a textbook, but this is not the most effective instructional strategy for many of our students. Many students **learn best** by participating in **hands on activities**; many learn best by singing songs about the material they are covering, while others learn best when they are able to move around or work with classmates.

Service Learning is an important and dynamic component of the academic program at Kaleidoscope Charter School. One of the core beliefs of our school is that **the interactions between the community and our schools are mutually beneficial**. All students at Kaleidoscope are **required to complete 20 hours of Service Learning each year as we believe that this helps** them to connect the content taught within their classrooms to the real world outside of our school's walls.

KCS Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school board approved the original FY 2021 budget based on 617 ADM in June 2020 projecting a surplus of \$112,326 and revised the budget in January 2021 with a decrease in enrollment to 540 ADM and a deficit of \$205,671.

The FY 2021 financial audit noted the following General Fund budgetary highlights:

Following approval of the budget prior to the beginning of the fiscal year, the School revises the annual operating budget in mid-year. These budget amendments typically fall into two categories:

- *Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.*
- *Legislation passed subsequent to budget adoption, changes necessitated by employment agreements or change in enrollment, and increases in appropriations for significant unbudgeted costs.*

Overall the actual General Fund revenues and expenditures were fairly close to the final adopted budget. While the School's final budget for the General Fund anticipated that expenditures and transfers out would exceed revenues by \$205,671, the actual result for the year shows a net increase in fund balance of \$128,300 for a positive net variance of \$333,971. This is largely due to carefully controlling costs but also the result of some additional federal funding programs.

In addition, the Management Discussion and Analysis stated the following regarding the school's enrollment:

Over the last five years the School's enrollment has consistently been above the 500-student level. It is anticipated the enrollment will resume increasing during the next several years. The School has a waiting list of students wishing to attend the School and, therefore, performs lottery drawings annually for available spaces.

The school's FY 2021 financial audit includes the following key financial highlights:

- *Total General Fund revenues were \$7,108,857 as compared to \$6,980,557 of expenditures.*
- *Total net position of governmental activities at June 30, 2021 was \$(4,209,444).*
- *The total fund balance of the General Fund increased from \$2,722,154 at June 30, 2020 to \$2,850,454 at the end of fiscal year 2021.*

Audit results in the Executive Audit Summary included:

- *Budget to Actual –Total revenues for the General Fund were \$7,130,366 which was \$16,571(or 0.23%) higher than the budgeted amount while total expenditures were \$7,001,528, which was \$24,282(or 0.35%) lower than had been budgeted. We recommend that budget variances in a charter school environment (which is more volatile than in a traditional school environment but on a much smaller scale) be limited to 1% to 2% on either side of zero.*

The school has maintained a balanced budget for FY21.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
X	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2020 financial audit contained no findings as noted in this excerpt from the Executive Audit Summary:

AUDIT FINDINGS AND RESULTS

Audit Opinion – The financial statements are fairly stated. We issued what is known as a "clean" or unmodified audit report.

Yellow Book Opinion – No compliance issues were noted in our review of laws, regulations, contracts, grant agreements or other matters that could have significant financial implications to the School.

Internal Controls – No material weaknesses in internal control were noted.

Legal Compliance – No compliance issues were reported with respect to Minnesota Statutes related to charter schools and UFARS accounting.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through January 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The board receives a finance committee report at each board meeting which includes a review of monthly financial statements. The school has consistently provided required monthly financial reports to VOA-MN and the board through June 2021.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$2,007,069	\$1,754,674	\$2,722,154	\$2,850,454
Fund Balance Percent	29.05%	25.05%	38.9%	40.83%

As the table indicates, the school has maintained a healthy General Fund balance over the past four years. The school's FY 2021 unassigned General Fund balance of over 38% is well above the range of the school board policy which states:

KCS will strive to maintain a minimum unassigned general fund balance of 25 percent of budgeted expenditures. The projected budget shall also maintain 25 percent of budgeted expenditures.

This fund balance is needed for emergencies, unforeseen events, new program initiatives or capital improvements not covered by the landlord. The minimum unassigned fund balance target will be reviewed annually and during the setting of a subsequent operational year budget.

Regarding the General Fund balance, the Executive Audit Summary states the following:

Fund Balance – *The School's General Fund experienced an increase in fund balance during fiscal 2020-21 of \$128,300, ending at a surplus of \$2,850,454 as of June 30, 2021. The ending fund balance represents a continued strong 40.83% of total expenditures. We recommend that a charter school develop a plan that will eventually result in a target fund balance that is at least 20% to 25% of annual expenditures. Fund balance is an important aspect in the School's financial well-being since a healthy fund balance represents things such as cashflow, as a cushion against unanticipated expenditures, enrollment declines, funding deficiencies, state aid metering changes, and aid prorations at the state level and similar problems.*

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee that met eleven times in FY21 and has been using this committee appropriately.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

The finance committee members received financial training in FY 2021 as an excerpt from an email from the director states:

KCS Finance Committee consisted of the Board Treasurer, Executive Director, Business Manager and a Parent Representative as well as representatives from our contracted accounting firm. The Board Treasurer, Executive Director and Business Manager have all received formalized training in monitoring and reviewing the finances of the school. The parent members, and at times, guest observers, received informal training from our school accountant in the process of the meeting and the responsibilities of the finance committee.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

KIPP: Northstar Academy

5034 North Oliver Avenue
Minneapolis, MN 55430

Phone: 6120-287-9700
www.kippminnesota.org

Director: Shana Ford

School Profile

Our Vision

Every child grows up free to create the future they want for themselves and their communities.

Our Mission

Together with families and communities, we create joyful, academically excellent schools that prepare students with the skills and confidence to pursue the paths they choose —college, career, and beyond—so they can lead fulfilling lives and build a more just world.

KIPP Minnesota's first school, KIPP North Star Academy (formerly KIPP Stand Academy), opened in 2008 in downtown Minneapolis. In the summer of 2014, we moved into a vacant Minneapolis public school building on the far north side to allow expansion of our middle school and the addition of an elementary school which launched in fall 2016. In August 2019, we welcomed 4th, 5th, and 6th graders at our newest campus, KIPP Legacy. Our fourth school, KIPP Legacy Primary, opened to kindergartners, first, and second graders in the fall of 2020.

KIPP schools are united by a common mission, a commitment to excellence, and a belief that if we help children develop the academic and character strengths they need for college and choice filled lives, they will be able to build a better tomorrow for themselves, for their communities, for us all. Charter schools are tuition-free public schools and enrollment is open to all students. They are independently operated schools that run with more flexibility than traditional public schools in exchange for increased accountability.

KNA Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school board approved the original FY 2021 budget based on 730 ADM in May 2020, projecting a surplus of \$145,685. The board revised the budget in October 2020 reflecting a decrease in enrollment to 638 ADM and an ending surplus of \$133,861.

The school ended FY 2021 with a surplus of \$1,323,381 based on 657 ADM. The financial audit includes the following:

Financial Highlights

- *The assets and deferred outflows of resources of the Charter School were deficit to its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$2,492,256 (net position).*
- *A deficit of \$1,569,179 (unrestricted net position) exists due to the long-term liabilities recognized in accordance with GASB Statements No. 68 and the purchase of a new school building.*
- *The Charter School's net position increased \$760,637 in 2021. This increase can be attributed to forgiveness of the paycheck protection program loan.*
- *As of the close of the current fiscal year, the Charter School's governmental funds reported combined ending fund balances of \$5,030,252, an increase of \$358,322 in comparison with the prior year. The majority of this increase can be attributed to increased revenues from general education aid and the issuance of the KIPP foundation loan.*

General Fund Budgetary Highlights

The Charter School's original budget called for an increase in fund balance of \$145,685. The budget was amended and the final budget called for an increase of \$133,861 in fund balance.

Total revenue was less than budget by \$143,192 with the largest revenue variance from revenue from federal resources of \$162,575.

Actual expenditures were less than budgeted amounts by \$595,962. The largest positive expenditure budget variance related to pupil support services which were under budget by \$197,077. The largest negative expenditure budget variance related to district support services which was over budget by \$53,145.

The school has maintained a balanced budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
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X	0 = 1 or more “material weakness” or legal compliance finding (s)
	1 = 1 or more “significant deficiency” finding(s)
	2 = no findings
Data Source: The school’s financial audit report.	

The school’s FY 2021 financial audit contained two findings as noted in these excerpts from the management communication report:

2021-001 Internal Control – Investment Account

Condition: During our audit, it was noted that activity related to a Charles Schwab investment account was not recorded in the Charter School’s accounting software nor were the transactions handled in accordance with the Charter School’s normal processes.

Criteria: The Charter School’s accounting software is intended to provide documentation of each transaction. To ensure proper internal control measures are followed, the accounting software must contain a complete history of the Charter School’s financial process. All transactions should be handled in accordance with Charter School’s written process.

Management Response: The Charter School is aware of the situation and will discuss internal control procedures with the administration staff to ensure proper internal controls and procedures are followed.

The FY21 audit stated: *We consider the deficiency described below as item 2021-001 to be a material weakness.*

2021-002 Time Period for Payment

Condition: During our audit procures, it came to our attention that the Charter School had not made several payments within the timeframe set forth by State statutes.

Criteria: Minnesota statute §471.425 requires the Charter School to pay bills within 35 days from receipt. If the invoice is not paid within 35 days, interest at 1.50 percent per month is to be added to the amount due.

Management Response: The Charter School is aware of the situation and plans to ensure that timely payments are made.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payment to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The board met seven times in FY 2021 and receives finance committee reports at each board meeting which includes a review of monthly financial statements.

There was a lot of leadership position changes for the school in FY 2020 including the Director, Director of Finance and HR, and Director of Development. This caused a lot of gaps in financial information flow from the school to VOA-MN which was discussed at a meeting between the two parties in April of 2020. At that time school leadership assured VOA-MN representatives that this would be corrected and processes would be put in place to ensure financial documents and information would be shared as required per the above standard. The school has now consistently provided required monthly financial reports to VOA-MN and the board in FY 2021.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a	
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standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$1,314,368	\$1,224,298	\$2,284,889	\$3,608,270
Fund Balance Percent	19.6%	14.66%	23.28%	32.36%

The FY 2021 financial audit report states the following regarding the school's General Fund balance policy:

The Charter School has formally adopted a fund balance policy for the General fund. The Charter School with strive to maintain a minimum General fund unassigned fund balance of 20 percent of the current year's budgeted expenditures.

The FY 2021 financial audit summarizes the school's General Fund balance:

The General fund is the primary operating fund of the Charter School. At the end of the current year, the total fund balance of the General fund was \$3,608,270. The General fund balance increased \$1,323,381 over the previous fiscal year. The majority of the increase is due to issuance of the paycheck protection program loan and state aid revenues received over related expenditures.

The school has met the school board's General Fund balance policy or the VOA-MN standard of 20%.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year

	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee that meets monthly and has been using it appropriately. The December 2020 finance committee minutes illustrates this:

1. Attendees
2. FY20 audit report
 - a. No findings this year
 - b. Ask everyone to review before next FC meeting
 - c. Positive net income for the year
3. November financial statements
 - a. New exec summary
 - i. Current ADM is 660 - revised budget is 665
 - ii. Days cash on hand is 47.4 DAYS, down from 52 in October
 - iii. Cash was \$1.8 million
 - iv. Fund balance is 22%, adjusted is 30%
 - v. Expenses are track with revised budget and time of year
 - vi. CARES act funding application - Kelly is working with Becky and Shana to complete that, which is due end of January
4. Fundraising report as of November 30
 - a. A lot also happened over December
 - b. About \$292k raised out of \$800k
5. KIPP Foundation Loan
 - a. Becky has not heard back from Nolan so she will send him another email and cc me and Shana
6. FY22 budget
7. PPP loan status
 - a. No update yet, still anticipate end of January
 - b. We are trying to switch contact info from

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

Per the school board chair, all finance committee members have received training in financial matters in FY 2021. The following is an excerpt from an email from the board chair:

Kristine confirmed that training happened through the KIPP Foundation on March 24 as part of the Webinar titled: KIPP Board Financial Oversight. Finance Committee members attended this particular training that discussed Finance Committee duties and responsibilities. The webinar was targeted towards the Finance Committee's responsibilities. The full Finance Committee is comprised of Board members, BKDV team member, and members of the Executive Leadership Team including Shana and Becky.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Lakes International Language Academy, District 4116

246 11th Avenue SE
Forest Lake, MN 55025

Phone: 651-464-0771
www.mylila.org

Executive Director: Shannon Peterson

School Profile

Vision

To deliver a high-caliber education from a global perspective that combines second-language acquisition with a proven inquiry-based learning approach, enhancing individual achievement and building community connections.

Mission

To prepare tomorrow's critical thinkers and global citizens through language acquisition and inquiry-driven study.

In the early 2000s, a small group of parents from the Forest Lake area began discussions about creating an elementary school that could contribute to the world community with bilingual graduate's worthy of the International Baccalaureate credentials. A lofty goal? Perhaps. But not unattainable for these determined, frugal, and visionary individuals. They formed an Interim Board of Directors that founded Lakes International Language Academy as a public charter school, specifically choosing not to identify "Spanish" in the school name so that perhaps one day we might include another language of study.

Today, we're so much closer to the dream than we ever could have imagined in 2004, when Lakes International Language Academy first opened. We've added a fee-based preschool with a language-infused curriculum for 3- to 5-year-olds. We opened our Upper School in 2015, and now offer the full preK-12 continuum. We received IB World School accreditation for the Primary Years Programme, Middle Years Programme, and the prestigious Diploma Programme making us one of the few schools in the entire upper Midwest to offer IB from preschool through high school! In 2015, we introduced our first-ever mascot. Look for LILA Dragons representing our school's after-school clubs, sports, and academic activities here and around the world.

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school board approved the original FY 2021 budget based on 1,258 ADM's and a surplus of \$207,066 in June 2020 and made a final revision to the budget in June 2021 with a decrease in enrollment to 1,243 ADM's projecting a surplus of \$9,035.

The school's FY 2021 financial audit highlights the following:

Financial Highlights

The Academy reported a prior period adjustment in the current year that was necessary to properly report accrued interest payable on outstanding debt at the beginning of the year. This prior period adjustment reduced beginning net position by \$470,315 in the entity-wide Statement of Activities. This change did not impact the fund financial statements that are reported under the modified accrual basis of accounting, which do not report interest payments until due and payable.

The Academy's General Fund, its primary operating fund, closed the year with a fund balance of \$4,714,293, a decrease of \$184,509 from the previous year. The decrease was largely due to capital spending in the current year of capital campaign resources that were largely received and recognized in the prior year.

The Management Report included the following about the school's FY 2021 revenue and expenses:

Total General Fund revenue for 2021 was \$14,516,498, which was \$307,986 (2.1 percent) under budget. State sources were under budget by \$290,648, which was largely due to the Academy serving fewer students than anticipated.

General Fund revenue was \$281,850 (2.0 percent) higher than last year. The majority of the increase was in state aid, as both general education and special education aids increased from the prior year. Federal revenues also increased, due to new COVID-19-related federal awards in the current year. Other sources were less than prior year due to the capital campaign as previously mentioned, which increased this category last year.

Total General Fund expenditures for fiscal 2021 were \$14,701,007, an increase of \$1,676,227 (12.9 percent) from the prior year. Spending was more than prior year in each of the categories presented in the table above, with more students served in the current year and natural inflationary increases in salaries and benefits. Capital spending was up as previously mentioned with the use of capital campaign funds recognized in the prior year.

General Fund expenditures were \$114,442 (0.8 percent) under budget, mainly in salary personnel costs and supplies, with less spending due to changes with distance learning models during the year.

The school has maintained a balanced budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
X	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained one material weakness finding as noted in this excerpt from the audit report:

MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2021-001 PRIOR PERIOD ADJUSTMENT

Criteria – Management is responsible for establishing and maintaining effective internal controls. These controls include the preparation of year-end journal entries, and the responsibility for preparation, or oversight of the preparation, of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – During the audit of the year ended June 30, 2021 financial statements, Lakes International Language Academy (the Academy) recorded a material prior period adjustment to correct the balance of accrued interest payable reported in the previous year. Auditing standards consider the identification of material misstatements in prior year financial statements to be a material weakness in the internal control over financial reporting.

Per the academy's Chief Financial Officer (CFO), the school changed audit firms from last year and the error was a formula error within the former auditor's debt workpaper from FY20. The new auditor noticed that while the schedule of interest and principal

were correct on the data sheet that the CFO had provided, the former auditor's summary sheet for interest paid in FY20 only captured the 2014 bonds, not the 2019 bonds.

Audit findings are very unusual for the school and the FY 2021 finding was not due to an oversight by the school, but the audit firm they worked with last year.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The board receives a finance committee report at each board meeting which includes a review of monthly financial statements. The school has consistently provided required monthly financial reports to VOA-MN and the board through June 2021, except for the month of October. The school did not provide a cash flow projection for the month. Per the Chief Financial Officer: *We did not create a cashflow report for July but the August one will be out this week.*

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a	
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standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agendas and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$3,011,987	\$3,547,234	\$4,898,802	\$4,714,293
Fund Balance Percent	31.41%	31.9%	37.6%	29.2%

As the table indicates the school has strong General Fund balance ending FY 2021 with 29.2%. Per the schools CFO, the decrease in the school's General Fund balance was a controlled spenddown. An excerpt from an email explains:

We were spending down the capital campaign restricted revenue earned in the prior fiscal year. The board, school leadership, auditor, bondholders, and accounting team were all aware and the outcome was not a surprise.

The school's ability to maintain this healthy fund balance level over the past four years is indicative of a well-run, high functioning school board.

The school has a fund balance policy in place which states in part:

Minimum Unassigned Fund Balance

1. According to the Loan Agreement between the City of Forest Lake, Minnesota, and Lakes International Language Academy and the LILA Building Company relating to the Lease Revenue bonds and Taxable Lease Revenue Bonds, the School must move toward a 20% fund balance in its general fund. It is the policy of the School to follow that directive.

2. It is therefore LILA's goal to achieve and maintain an unassigned fund balance in the General Fund equal to 20% of expenditures. LILA considers

a balance of less than 20% to be cause for concern, barring unusual or deliberate circumstances.

3. If unassigned fund balance falls below the goal of 20% of budgeted annual operating expenses, LILA's school board will set forth a plan to replenish the fund balance within a prescribed time period and periodically review plan progress.

4. The LILA school board believes that it is its fiduciary responsibility to prepare and achieve a balanced budget (revenues equal or exceed expenditures) on an annual basis. If a deficit budget is deemed appropriate for a given period, the Finance Committee of the school board will be directed to develop a financial plan outlining the measures necessary to provide a balanced budget in future years and the extent to which, if any, the reduction in the fund balance will be reinstated.

The management report noted:

The Academy's General Fund ended 2021 with a total fund balance of \$4,714,293, a decrease of \$184,509 from the prior year, as compared to a budgeted increase of \$9,035.

The decrease in cash and total fund balance was partially due to the Academy spending capital campaign resources that were recognized as revenue and restricted fund balance in the prior year, with the spending of those resources in the current year.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school's finance committee met eleven times in FY 2021. The committee reviews the financial statements in detail. The committee is doing the appropriate work as segments of the May 2020 agenda demonstrates:

I. Review of March 2021 financial reports

a. Balance sheet, cash flow, summary and detail income and expense statements, disbursement register, CFO highlights: Request for detail about several disbursements and reporting options.

b. Dashboard report: enrollment discussed

II. Review of March 2021 bank statements for school and building company

a. Review checks for proper countersignatures: Treasurer Treanor confirms they are in place.

III. Draft FY22 budget, first look: Walk through of draft, with focus on funding and staffing, including Special Education.

IV. General updates on federal funding: federal ESSER Round 3

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

An email from the school's CFO describes the training that took place in FY 2021 for the finance committee:

Alex Treanor, Erin Maher, James Redfield, and Mira Norcross were on the finance committee. Alex and I held a PD for fincom members at our April and May meetings as a result of a cybersecurity training, I attended (hosted by CLA) and one he attended by his employer. We pooled and shared our resources and provided examples of common methods of breaching organizations' defenses and how they could be targets, as members of the fincom. We had lively discussions both meetings. The April folder has Alex's resource in it, I shared mine verbally. Finance committee members receive formal or informal training during the year. Often during committee meetings, we review various technical aspects of reports as well as analysis. How to read reports is a constant each year.

Standard Ten: The school is not in Statutory Operating Debt (SOD).

	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Naytahwaush Community Charter School

PO Box 9, 242 Church Street
Naytahwaush, MN 56566

Phone: 218-935-5025
www.naytahwaush.org

Director: Terri Anderson

School Profile

Our Mission

The Naytahwaush Community Charter School will provide a child-centered environment where learning is relevant and respects the traditions and wisdom of community, family and self.

Our Vision

The Naytahwaush Community Charter School will be a place where children are respected as individuals, as community members and as ancestors of a rich cultural heritage. The Naytahwaush Community Charter School will appreciate the wide resources available by using them to enhance curriculum through experiential and service learning activities. The Naytahwaush Community Charter School will promote the whole child through challenging academics, community involvement, and fostering healthy life choices.

Naytahwaush Community Charter School is located near the banks of the North Twin Lake in Naytahwaush, Minnesota. We serve approximately 120 students from Kindergarten to Sixth Grade. Naytahwaush Community Charter School is located on the White Earth Reservation in Northwestern Minnesota.

NCCS Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school board adopted the FY 2021 budget in June 2020 reflecting a total General Fund surplus of \$212,940 based on 134 ADM. The budget was not revised during the year. The school ended FY 2021 with a surplus of \$294,840.

The FY 2021 financial audit contains the following:

General Fund Budgetary Highlights

The School's General Fund final budget anticipated that revenues would exceed expenditures by \$212,941. The actual results for the year reported revenues in excess of expenditures by \$294,840. Actual total revenues were less than budgeted revenues by \$98,676 and were mostly due to revenues from state sources and local revenues being under budget by \$113,753 and \$46,962, respectively. This was slightly offset by revenues from federal sources exceeding budget by \$77,902. Actual total expenditures were less than budgeted expenditures by \$180,575 mostly due to special education instruction being less than budgeted by \$251,143.

The financial audit also noted the following:

FINANCIAL HIGHLIGHTS

Key financial highlights for the period ended June 30, 2021 include the following:

- As of June 30, 2021, net position of the School was \$1,371,951, a decrease of \$249,377 from June 30, 2020.*
- Overall school-wide revenues were \$3,493,211 and school-wide expenses were \$3,742,588.*
- The general fund's fund balance at June 30, 2021 was \$2,780,560.*

- *The School received federal impact aid of \$975,901 and \$933,291 for the years ended June 30, 2021 and 2020, respectively.*

The school has maintained a balanced budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
X	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained no findings as noted in these excerpts from the financial audit report:

I. Summary of Auditor's Results

Financial Statements

What type of auditor's report is issued? Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

II. Findings – Financial Statement Audit Internal Control Findings - None

III. Findings and Questioned Costs – Major Federal Award Programs Audit
Internal Control Findings None Questioned Costs - None

IV. Findings Related to the Minnesota Legal Compliance Audit Guide for
Charter Schools – None

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The board receives a finance committee report at each board meeting which includes a review of monthly financial statements. The school has consistently provided required monthly financial reports to VOA-MN and the board through June 2021.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$2,000,130	\$2,429,870	\$2,485,720	\$2,780,560
Fund Balance Percent	85.70%	95.82%	83.35%	93.01%

As the table above indicates, the school has a history of a very strong General Fund balance. In FY 2021, the schools ending balance was 93% which is well above the schools General Fund Policy which states:

The School Board adopted a formal fund balance policy in 2010 that strives to maintain an unassigned fund balance in the General Fund amounting to 25% of the General Fund operating expenditures for each fiscal year. At June 30, 2021, the School's fund balance met the policy required 25% level.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year

Data Source: Board meeting packets, agendas, and minutes.

The school's finance committee meets prior to the regular monthly meeting to review the school's financial reports in detail and met twelve times during FY 2021. The committee is doing the appropriate work as an excerpt of the April 2021 finance committee meeting minutes indicate:

Committee reviewed the monthly updated FY21 cash flow report in detail.

Committee reviewed the monthly bills for payment in detail Checks #9288-9317.

Committee reviewed the monthly back req and receipts in detail.

Committee reviewed the YTD FY21 budget in detail.

Committee noted that the FY21 budget was budgeted with 134 ADM.

Committee noted that the current enrollment is 132.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
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	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
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	1 = n/a
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X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
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Data Source: School board members queries, board meeting agendas and minutes.	
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A recent email from the school director stated:

Our finance committee members receive training from our auditor, our business manager and myself.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
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	0 = in SOD
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	1 = n/a
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X	2 = not in SOD
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Data Source: School's budget, board meeting agendas and minutes, financial audit.	
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The school is not in Statutory Operating Debt.

New Century School

1380 Energy Lane, Ste 108
St Paul, MN 55108

Phone: 651-478-4535
<http://newcenturyschool.net/>

Director: Ahmed Ali

School Profile

New Century School (NCS) is a public charter school located in the Midway area of St. Paul, Minnesota. Designed as a PreK-8 program, the school integrates a STEM based curriculum supported by Computational Thinking and Inquiry-Based learning as the foundational overarching instructional programming. The following are some of the key concepts and programs that guide and support our school's approach to STEM-based curriculum:

- Computational Thinking
- Inquiry-Based Learning
- Engineering & Robotics
- Small Class Size
- Extended Day Programs
- College & Career Preparation
- Blended Learning
- Native Language Support
- Strong Parent Engagement
- Multicultural Environment

Mission

Provide a high-quality education to nurture and inspire a community of learners through an innovative, holistic approach to education that embeds science and technology.

Vision

Create a STEM-based curriculum model that provides an education that is vibrant and alive, and acknowledges and maintains our students' backgrounds while preparing them for their lives as successful members of our diverse and technologically advancing society.

NCS Web

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school board approved an original FY21 budget in June 2020 projecting 360 ADM and a surplus of \$199,341. The budget was revised and approved in June 2021 estimating 366 ADM and a surplus of \$925,532.

FY 2021 was the fifth year the school served students, reporting 370 ADM at year-end and a surplus of \$984,034. The executive audit summary contained the following statements relating to financial performance:

Enrollment – For fiscal 2020-21 and 2019–20, New Century School served an estimated net average daily membership of 370 and 339.

Budget to Actual – Total General Fund revenues on a net basis were \$1,102 higher than the final budgeted amount while total expenditures were \$57,400 (or 1%) lower than the final amended budget. As part of any budget update initiated for fiscal 2021-22, the Board will want to take these variances into consideration in order to limit budget differences to every extent possible. We recommend that budget variances in a charter school environment (which is more volatile than in a traditional school environment but on a much smaller scale) be limited to 1% to 2% on either side of zero to the extent practical once the educational program has stabilized. This may involve tightening up the budget development and monitoring process to ensure that net variances remain within those parameters

and would generally include continuing to undertake at least one mid-year budget amendment to update budget assumptions.

General Fund Budgetary Highlights

The budget is approved prior to the beginning of the fiscal year. The School then may revise the annual operating budget in the fall and then again mid-year.

These budget amendments fall into two main categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.*
- Legislation passes subsequent to budget adoption, changes necessitated by employment agreements, and increases in appropriations for significant unbudgeted costs.*

Actual revenues were lower than budgeted with a variance of \$1,102 or 0.0%. Actual expenditures were lower than budgeted with a variance of \$57,400 or 1.0%. The majority of this is found in the areas of Regular Instruction and District Support Services. Unused contingencies and cost containment initiatives are the main reasons for the actual expenditures being less than the budget.

Overall, the school has maintained a balanced budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
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	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more “material weakness” or legal compliance finding (s)
	1 = 1 or more “significant deficiency” finding(s)
X	2 = no findings
Data Source: The school’s financial audit report.	

The school’s FY21 financial audit contained no findings as noted in this excerpt from the financial audit reports Schedule of Findings:

AUDIT FINDINGS AND RESULTS

Audit Opinion – *The financial statements are fairly stated. We issued what is known as a “clean” audit report.*

Compliance and Other Matters (Yellow Book) – *No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial implications to the School.*

Internal Controls – *No material weaknesses were reported.*

Legal Compliance – *No significant compliance issues were reported with respect to Minnesota Statutes.*

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda’s and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The school consistently provided all financial reports and information to the school board and VOA-MN throughout the year.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$300,724	\$629,599	\$1,212,256	\$2,196,290
Fund Balance Percent	11.1%	16.1%	26%	37%

The school boards approved General Fund balance policy states:

The school will strive to maintain a minimum unassigned general fund balance of between 10-15% of the annual expenses. In the event of a combined unassigned fund balance of less than 10% of annual expenses, the school administration and board of directors will take immediate financial and budgetary action to retain the minimum unassigned fund balance percentage.

The following is an excerpt from the executive audit summary (EAS):

Fund Balance – The School experienced an increase in fund balance during fiscal 2020-21 of \$984,034 in the General Fund. This increase was \$58,502 more than had been reflected in the School’s budget. The fund balance of the General Fund ended at \$2,196,290 as of June 30, 2021. The ending unassigned fund balance at June 30, 2021 in the General Fund was \$2,054,382 which represents 37.0% of expenditures incurred for the year (having been 26% of expenditures at June 30, 2020). This is an important aspect in the School’s financial well-being since a healthy fund balance represents things such as cash flow, as a cushion against unanticipated expenditures, enrollment declines, state aid metering changes, funding deficiencies and aid pro-rations at the state level and similar problems.

The school has seen a steep increase in enrollment since its opening in FY17 and has controlled spending successfully to achieve, and even exceed the targeted General Fund balance stated in its board policy of between 10-15%, and the VOA-MN network target of 20% for FY 2021.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee that meets on a regular basis and met eight times in FY 2021.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.

	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

All finance committee members have received training during FY 2021 as the director states in a recent email:

Yes, all members attended at least one finance training.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Schoolcraft Learning Community

8955 Deer School Road NW
Bemidji, MN 56601

Phone: 218-444-2102

www.schoolcraft.org

Director: Adrienne Eickman

School Profile

Schoolcraft Learning Community was founded in April 2000, opening our doors to 120 K-8 graders looking for a new way to learn, partnering with Expeditionary Learning Outward Bound and passionate teachers and staff to provide it for them. We have grown and changed a little each year to become the vitality filled learning community that we are today. We enroll approximately 200 students and employ approximately 40 dedicated staff.

Our Vision

Schoolcraft Learning Community is based on a shared conviction that enthusiasm and rigor are compatible and that students learn best in small group settings emphasizing individualized instruction, project orientation, and teamwork. We believe that local environment, culture, and history provide a bridge to global perspectives, a rich source of experiences and material. Students should be encouraged to become significant contributors to their community.

Our Mission

Schoolcraft Learning Community exists to help develop individuals to be self-directed, lifelong learners who have the skills and knowledge to confidently and compassionately navigate in the world.

The vision and mission of Schoolcraft Learning Community emphasize the fact that development of personal character for our students is as important as academic growth and that, in fact, the two go hand in hand to build confident compassionate lifelong learners. Since its inception in 2000, Schoolcraft has been recognized for providing a supportive caring environment for learners – a place where students have the opportunity to build relationships with other students across grade levels, a place where they are encouraged to express their ideas and show what they know through arts-embedded academic work, a place where they are challenged by engaging expedition work that results in high quality products, and a place where students are able to access the resources of the greater Bemidji area and beyond as they grow as global citizens.

SLC Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
X	0 = deficit position
	1 = n/a
	2 = surplus position (deficit budget - board approved the fund balance spend down)
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school's original FY 2021 budget was approved by the board in March 2020 and was based on 195 ADMs with a projected surplus of \$1,212. The budget was revised in April 2021 based on 190 ADMs and estimating a deficit of \$7,560. The school ended the year with a deficit in the General Fund of \$3,408 and 190 ADMs.

The school's FY 2021 financial audit includes the following General Fund Budgetary highlights:

During the year ended June 30, 2021, the School made revisions to its General Fund operating budget. In accordance with Minnesota Statutes, an expenditure budget must be in place prior to the beginning of the fiscal year in order to spend funds. Prior to July 1, the school board approves the budget for next year. A revised budget was necessary to incorporate data that was not available at the time of the preliminary budget.

Schoolcraft's General Fund final budget anticipated that revenues would exceed expenditures by \$3,440. The actual results for the year reported an excess of revenues over expenditures in the amount of \$11,535. Actual revenues were less than budgeted by \$52,422, and actual expenditures were \$60,517 less than budgeted; this is mostly due to Revenues from Federal Sources being under budget by \$62,684, Pupil Support Services expenses being under budget by \$12,209, and Capital Outlay expenses being under budget by \$35,700.

Other key financial highlights from the audit report for the year ended June 30, 2021 included the following:

- *Net position decreased 3.5% from the prior year.*
- *School-wide revenues were \$3,030,316 and expenses were \$3,076,168.*
- *The general fund balance decreased by \$3,408 and food service fund balance decreased by \$2,915.*

Student enrollment has decreased slightly from 197 in FY 2020 to 190 in FY 2021.

Overall, the school has not maintained a balanced budget for the school for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
X	2 = no findings

Data Source: The school's financial audit report.

The school's FY 2021 financial audit contained no findings as noted in the audit report:

In connection with our audit, nothing came to our attention that caused us to believe that Schoolcraft Learning Community, Minnesota Charter School No. 4058 failed to comply with the provisions of uniform financial accounting and reporting standards, and charter schools' sections of the Minnesota Legal Compliance Audit Guide for Charter Schools, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.

	0 = late > 3 times
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	1 = late 1-2 times
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X	2 = never late
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Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.
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The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.
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	0 = missed > 2 times
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X	1 = missed 1-2 times
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	2 = never missed
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Data Source: Board packets

The board regularly receives and approves financial reports at each board meeting. The January 2021 check register was not included in the February 2020 board packet for review by the board. The VOA-MN financial analyst requested this document in October and it was received in December.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.

0 = < 15%

X 1 = 15-20%

2 = 20% or >

Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY

	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$740,762	\$598,829	\$534,452	\$524,802
Fund Balance Percent	28.48%	20.48%	19.28%	18.44%

As the table indicates, the school has maintained a strong General Fund balance over the past four years but fell just short of the VOA-MN standard of 20% in FY 2021. The school's fund balance policy states in part:

SLC will strive to maintain a minimum unassigned general fund balance of 20-25% of budgeted expenditures.

The fund balance is need for emergencies, unforeseen events, new program initiatives or capital improvements not covered by the landlord. The minimum unassigned fund balance target will be reviewed annually and during the setting of a subsequent operational year budget.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.

	0 = 0-4 meetings/year
X	1 = 5-7 meetings/year
	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school's finance committee meets prior to the regular monthly meeting to review the school's financial reports in detail. The committee held seven meetings in FY 2021 and is doing the appropriate work as the November 2020 meeting minutes indicate:

We reviewed the current board financials, credit card statement, electric bill, bank statement.

Updated budget that was approved 11-17 which includes covid funding and expenses.

Working on food service rev and expenditures, at this time we need to serve more meals. Caige is going to include free meals in his SLC update.

Sam asked about grants and grant writing. We are always open to grants, Adrienne has written a few this fall and we are waiting to hear. If the grant is for over \$500 it should be approved by the board.

We starting gathering information on salaries paid at other charter schools and local school districts. Adrienne built a spreadsheet to collect this data on teachers, paras and administrative staff, salaries, benefits, contract days, salary steps schedule. We will meet again next month to go over this information. Each member of the committee researched a school district or charter school and added it to the spreadsheet.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

An email from the school's director describes the training that took place in FY 2021 for the finance committee:

Rita and I always do an informal training on the financial statements and budget, so that the finance team members know what they are looking at. It's the first meeting of the finance committee each year - typically in August, but sometimes in September. We don't have them repeat the financial training if they've already had it - but they all do the informal training from Rita and I.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Southside Family Charter School

4500 Clinton Avenue South
Minneapolis, MN 55419

Phone: 612-872-8322

www.southsidefamilyschool.org

Director: Julie Cohrs

School Profile

Southside Family Charter School (SFCS) is a nationally recognized award-winning, K-8 urban elementary school located in South Minneapolis. Founded in 1972, we provide an academically challenging, socially conscious education to a diverse community of learners. We are proud to offer a social justice curriculum, small class sizes (10-14 students per grade) and hands on learning.

We are dedicated to academic excellence, innovation in curriculum, and family and community involvement. Our commitment to civil rights and social justice has fostered a learning environment that develops children who are leaders in their communities and the world. Our small size allows us to build strong relationships with students and families while our use of the community as a classroom exposes young people to many learning opportunities outside the school's walls.

SFCS's impressive record on statewide testing illustrates the strength of our curriculum and is notable evidence that children from all backgrounds can succeed when expectations are high and educators respond to each child as an individual. SFCS's educational model has changed the way thousands of people think about education.

Our Mission: Southside Family Charter School is a small, K-8 school that meets the needs of a culturally and ethnically diverse population by engaging children in critical thinking and problem solving, involving children in political and social activism, encouraging creative expression, offering a wide range of electives and advocating for children and families.

SFCS Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.

- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
X	0 = deficit position
	1 = n/a
	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school's original FY 2021 budget was approved in June 2020 reflecting a surplus of \$43,061 and based on 124 ADM. The budget was revised in March 2021 with a deficit of \$59,222.

The FY21 audit report contained the following General Fund budgetary highlights:

It is the policy of the Board of Directors of the Charter School to set up the annual budget prior to June 30 for the subsequent year and utilize it as a guideline for revenues and expenditures over the course of the year. The Board periodically reviewed the budget versus actual revenues and expenditures and took note of deviations and their causes. The Board revised the budget during the school year due to revenue and expenditure changes from original expectation.

The budget revision called for an increase of \$21,253 in revenues. This increase in the revenues budget was caused by a higher-than-expected amount of funding from state and federal sources, offset by lower-than-expected funding from local sources. The budget revision called for an increase of \$124,912 in expenditures. The increase in the expenditures budget was due to an increased need for both salaries and related benefits.

Revenues sources were over budget for fiscal year 2021 by \$16,665.

- *The positive variance is mainly due to state sources (\$61,836) as a result of more revenues than anticipated from state grants.*

Expenditure programs were over budget for fiscal year 2021 by \$23,320.

- *The largest variance (\$22,964) resulted from higher than anticipated salaries and purchased services as part of special education instruction.*

The school ended FY 2021 with a deficit of \$65,877. Overall, the school has not maintained a balanced budget.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
X	1 = 1 or more "significant deficiency" finding(s)
	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained one finding considered to be significant deficiency as noted in this excerpt from the financial audit report:

2020-001 Limited Segregation of Duties

Condition: During our audit, we reviewed procedures over major transaction cycles and found the Charter School to have limited segregation of duties related to cash disbursements, payroll, and receipting.

Criteria: There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four functions. In other words, no one person has control of two or more of these responsibilities.

Also, a well-designed system of internal control has documentation of significant transaction cycles. Documentation is especially important in the event of staff turnover.

Recommendation: While we recognize that the number of staff is not large enough to eliminate these deficiencies, we believe the risk can be reduced with better monitoring.

Management Response: The Charter School has entered into a contract starting July 1, 2021 with a third-party financial consultant to help review transactions and report to the board. The School Leader and School Board will be responsible for ensuring a system of adequate internal controls in future years.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
X	0 = missed > 2 times
	1 = missed 1-2 times
	2 = never missed
Data Source: Board packets	

The school did not provide financial reports during FY 2021 on a consistent basis. Notes regarding this were included in financial oversight logs of the VOA-MN financial analyst and explain:

August 2020:

- No financials on August agenda or received. Per Kaarunya - *The board did not review financials in August. My understanding is the financial documents for July, August and September will be reviewed at the Oct board meeting once the new board members are seated.*

November 2020:

- No current enrollment all year.
- No approval of financials in the October minutes. Note on Sep minutes re financial review: *None, due to audit.*
- No actual enrollment for the November meeting. A note on the finance report states: *The following table shows the enrollment estimates used for the fiscal year 2021 budget, enrollment used for state aid payments, and enrollment's impact on general education revenue. New enrollment in November will estimate to budgeted projections. **Table will be updated to show actual enrollment at December meeting.*** Actual enrollment should be reviewed by the board each month.
- October board packet is missing financial documents and agenda doesn't show which months were reviewed and approved. Look at October minutes in November packet to continue. October board minutes state: *Gen motioned to accept the Board Financial Report. Caige seconded. Roll call vote, all approved. Motion passed.* I can't tell which financial reports were accepted. Also, need June – Sep financials.

December 2020:

- Need July-Sep check register.
- No approval of financials in the November minutes.

February 2021:

- No approval of financials in the November or December minutes. Per Julie: *Our treasurer, goes over the treasurer's report each month and the board approve them. I think it just got missed on the minutes. Would you recommend that we go back to November and December's Financials, review again - and amend the meeting minutes?* November and December financials were approved at the March meeting. Per the minutes: *Benjy moves to accept the Finance Report for the months March (current), November 2020 and December 2020.*

June 2021:

- Need board packet and financials.

The school did not consistently provide the required monthly financial reports to VOA-MN and the board. FY 2021 proved to be a difficult year for the school in this area. The board and VOA-MN should receive the financial documents and information from the school in a timely and accurate manner. In addition, the finance committee should review monthly financial reports thoroughly and bring recommendations to the full board each month.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$332,829	\$344,469	\$568,037	\$502,160
Fund Balance Percent	21.36%	22.01%	21.8%	29.75%

As the table indicates the school's FY 2021 General Fund balance increased over the prior year and meets the school's fund balance target. An excerpt from the schools General Fund balance policy states:

The school will strive to maintain an average minimum unassigned general fund balance of 19% of expenditures, calculated as an average of the current year's fund balance percentage with that of the previous two fiscal years.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year

	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

Per the school's director, the finance committee met eleven times in FY 2021 to review financial information. The school's website includes documents detailing the *Committee Charge* which includes:

Purpose: The Finance Committee is charged by the Board of Directors to do the following:

- *Review monthly financial documents for presentation to the board*
- *Prepare annual budget for presentation to the board and revise as directed by the board*
- *Evaluate the extent to which board and administrative initiatives impact the budget*
- *Report to board regarding oversight of financial systems and reporting*

The document continues with information about membership, products, accountability and duration:

Membership: The Finance Committee shall be composed of a mix of members appointed by the Board. Membership shall be composed of the Board Treasurer, the Executive Director, the Office Director, and at least one teacher, parent, and community member (if possible). The Chair of the Committee shall be the Board Treasurer.

New committee members may join an existing committee at the discretion of the committee chair.

Products: The product(s) of the Committee's work shall be:

- *Monthly financial documents*
- *Annual budget proposal*
- *Current year budget revision proposal (when needed)*

Accountability: The Committee shall comply with the requirements of MN statute 13D (Open Meeting Law) and the provisions of Southside's bylaws

and board policies. The Committee shall make monthly reports to the board.

Duration: The committee shall be a standing committee.

The finance committee meeting minutes are not posted on the school's website for FY 2021 and most board packets didn't include the minutes. I would encourage the school to take minutes during the finance committee meetings, include them in the board packets, and post them on the school website.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

Per the school's director, I am pretty sure our committee chair was the only one who received formal training last year, Benjy Nicholie on 3/27/21 - through charter source training. I am not aware of Jim or Sherri taking formal training and I did not in FY21.

We did receive informal training from previous treasurer KJ Starr when we joined the committee - (August 20 (me) and October (20) Benjy, Jim and Sherri we also worked with Abdo who did training to understand the audit process, and when BerganKDV was hired we have done multiple informal trainings - but that would have begun in July/August 21.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Spectrum Middle School and Spectrum High School

17796 Industrial Circle Northwest
Elk River, MN 55330

Phone: 763-241-8703
www.spectrumhighschool.org

Director: Dan DeBruyn

School Profile

Spectrum Middle School and Spectrum High School (Spectrum) is a tuition-free, public charter school, located in Elk River, Minnesota, in its 16th year of operation. This comprehensive high school, authorized by Volunteers of America, enrolls approximately 800 students in grades 6-12.

US News and World Report recognized Spectrum High School in its Best High School rankings, awarding a silver medal. Spectrum was the 5th highest ranking out of Minnesota's 164 charter schools. Spectrum also received recognition as a High-Quality Charter School by the Minnesota Dept. of Education for 2017-18.

Mission Statement

Spectrum's mission is to equip students with the knowledge, skills, and attributes to successfully navigate the college and career of their choice and positively impact the world around them.

Vision Statement

Spectrum's vision is to be a leading college preparatory school of choice committed to high standards and exceptional programming.

Spectrum Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.

- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school's original FY 2021 budget was approved in June 2020 and reflected a surplus of \$224,227 based on 810 ADM. The budget was revised in June 2021 with a decrease in enrollment to 785 ADM and a year-end surplus of \$125,710. The school ended FY 2021 with 770 ADM's (per the finance manager) and a surplus of \$172,806. The financial audit and Executive Audit Summary included the following remarks regarding the financial performance of the school:

***Budget to Actual** – Total revenues of the General Fund on a net basis were \$185,648 (or 1.9%) lower than the budgeted amount while total expenditures were \$249,683 (or 2.7%) lower than had been budgeted. The net result, including the impact of other financing sources and uses, was \$47,096 higher than had been reflected in the final Board approved budget. We recommend that budget variances in a charter school environment (which is more volatile than in a traditional school environment but on a much smaller scale) be limited to 1% to 2% on either side of zero to the extent possible. We encourage you to continue to undertake mid-year budget reviews resulting in the adoption of a revised General Fund budget when updated information becomes available.*

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- *General Fund revenues were \$9,336,112 as compared to expenditures of \$9,119,503. After other financing sources and uses this resulted in a General Fund surplus of \$172,806 for fiscal year 2021.*
- *The fund balance of the General Fund increased from \$2,164,575 to \$2,337,381.*

- *Building Company revenues were \$1,421,138 as compared to expenditures of \$1,343,189. The net result was a surplus of \$77,949 for the year and an ending fund balance in the Building Company Fund of \$2,271,021 on June 30, 2021.*

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the School may revise the annual operating budget in mid-year. These budget amendments typically fall into two categories:

- *Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.*
- *Legislation passes subsequent to budget adoption, changes necessitated by employment agreements, and increases in appropriations for significant unbudgeted costs.*

The School revised their budget during fiscal 2021. The amendment was approved at the January board meeting.

Both General Fund revenues and expenditures net results were very close to budget this year with revenues being within 1.9% of budget while expenditures were within 2.7% of the final amended budget. After other financing sources and uses, the net results were within \$47,096 of the board-approved budget.

Overall, the school board and school leaders have maintained a balanced budget.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
X	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained no findings as noted in this excerpt from the executive audit summary (EAS):

No "material weakness" in internal control was reported. Also, no compliance issues were noted in our review of laws, regulations, contracts, grant agreements, or other matters that could have significant financial implications to the School.

No compliance findings were reported with respect to Minnesota Statutes related to charter schools and UFARS.

The audit report also stated:

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

In connection with our audit, nothing came to our attention that caused us to believe that Spectrum High School failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Charter Schools, insofar as they relate to accounting matters.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.

	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
X	1 = missed 1-2 times
	2 = never missed
Data Source: Board packets	

The school did not consistently provide all required monthly financial reports to VOA-MN and the board in FY 2021. The VOA-MN financial analyst's monthly notes included the following from the school's financial manager regarding the July detailed income and expense report, cash flow projection, and current enrollment:

July financials were not prepared for Spectrum due to the limited activity and substance. We find it most helpful that the Management Report is reviewed on a timely basis, therefore, the July Management Report is included. The financials in July don't give way to much substance, in our opinion, because it is too early in the fiscal year (and I would say the same for August, but we recommend preparing an August financial report).

ADM reports are not applicable because the School doesn't have MARSS data for the new year yet. However, I do know Dan updates the board on a monthly basis on their enrollment efforts for the new year, especially this year when there is a lot influx.

The school normally reviews all financial reports in detail at regularly scheduled finance committee meetings and the board is updated prior to approving them at the board meetings.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$2,260,891	\$2,133,620	\$2,164,575	\$2,337,381
Fund Balance Percent	28.9%	23.81%	24.22%	25.63%

As the table above indicates, the school's General Fund balance has been above the VOA-MN standard of 20% over the past four years ending FY 2021 at 25.63%. This is within the range of the school's target that is included in the school's Financial Policies policy which states:

It will be the policy of Spectrum High School to achieve a range of 20-25% general fund unreserved fund balance as a percentage of yearly general fund expenditures.

Excess annual year-end budget surpluses will not be allocated in following year budgets until the target fund balance is achieved, unless specifically directed by the Board of Directors, with exception of fundraising accounts for various school activities.

The fund balance to be used is presented in the audited annual financial statement. The percentage will be calculated as follows: (Prior Year Audited General Fund Balance + Current Year General Fund Surplus of Revenues less Expenditures) / (Total Current Year General Fund Expenditures).

During the annual budget process, the Board will review the fund percentage in light of current state aid holdback provisions and other financial circumstances and will approve the annual long-range budget model to maintain the targeted fund balance.

The FY 2021 executive audit summary included the following remarks regarding the school's General Fund balance:

Fund Balance –The fund balance of the General Fund increased by \$172,806, ending at \$2,337,381 as of June 30, 2021. We recommend that a charter school develop a plan that will eventually result in a target fund balance that is at least 20% to 25% of annual expenditures. The ending fund balance at June 30, 2021 for Spectrum High School represents 25.63% (prior year 24.22%) of expenditures incurred for the year and is an important aspect in the School's financial well-being since a healthy fund balance represents financial flexibility in terms of positive cash flow, as a cushion against unanticipated expenditures, enrollment declines, funding deficiencies, state aid metering changes, aid prorations at the state level and similar problems. The fund balance of the General Fund decreased by \$30,955, ending at \$2,164,575 as of June 30, 2020. We recommend that a charter school develop a plan that will eventually result in a target fund balance that is at least 20% to 25% of annual expenditures. The ending fund balance at June 30, 2019 for Spectrum High School represents 24.22% (prior year 23.81) of expenditures incurred for the year and is an important aspect in the School's financial well-being since a healthy fund balance represents financial flexibility in terms of positive cash flow, as a cushion against unanticipated expenditures, enrollment declines, funding deficiencies, state aid metering changes, aid prorations at the state level and similar problems.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school has a finance committee and met eleven times in FY 2021 to review financial information. The minutes of these meetings are on the school's website and are exemplary. The January 2021 committee minutes demonstrate the committee's thorough coverage of all aspects of the school's finances. A few excerpts illustrate this:

December Financial Report

Mr. Dehne presented the December financials. He stated that the school is

currently budgeting 775 Average Daily Membership (ADM) and the actual membership as of December 31st was 796, with a current ADM of 805. This does include the full time PSEO students attending other institutions for which the school does not get reimbursed from the State; however, the expense has been accounted for in the overall budget. Mr. Dehne went on to note that the working budget projects an annual surplus (revenues to exceed expenditures) in all funds in the amount of \$93,739, with a projected cumulative fund balance of \$2,258,313, which is 23% of total budgeted expenditures.

December Management Report

The Committee reviewed the December Management Report. Mr. Dehne shared that there was a sequencing skip of wire #202000173 between November and December as it was posted to November after the November report had been run. Also, wire #20200191 is missing, and was due to Accounts Payable accidentally entering a wire twice in the middle of the batch and had to delete one. The system does not go back and fill in the wire number and therefore the resultant sequencing skip.

Amended December 11, 2020 Finance Committee Meeting Minutes

Mr. DeBruyn shared that there had been a misstatement of information in the original December 11, 2020 Finance Committee Meeting minutes, for which the Board accepted at its meeting in December. It was noted that Rochel Manders of VOA noted the discrepancy within the minutes. The amended minutes with the corrected information will be submitted to the Board for consideration of acceptance at its meeting on January 28, 2021.

The school is using the finance committee in a highly effective manner which includes detailed reviews of financial reports, budgets, and financial policies and procedures. The school's leadership and contracted financial manager work in tandem to keep the finance committee and board members apprised of all financial matters and are eager to correct any misstatements that may have occurred.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

All finance committee members received training during the year on their roles and responsibilities as recorded in the January 17, 2021 Finance Committee meeting minutes:

On-going Finance Training Mr. Taintor took the Committee through a detailed training on how to interpret the annual audit report, as well as a review of the Days Cash on Hand and Debt Service Coverage calculations.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Twin Lakes STEM Academy

6201 Noble Avenue North
Brooklyn Center, MN 55429

Phone: 651-717-4844
<https://twinlakesacademy.com>

Director: Jonas Beugen

School Profile

Twin Lakes STEM Academy distinguishes itself from other educational options by offering a high performing STEM focused charter school serving a high percentage (over 90%) of low-income students. The school is foundationally rooted in the inquiry-based education. An emphasis on the use of technology to provide instructional differentiation, and a holistic system of behavior management which results in a calm, academic school culture.

Mission: Through a global-minded education, we empower and prepare all students with the empathy, knowledge, and skills to take risks and pursue goals that contribute meaningfully to their community.

TLSA Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school adopted the original FY 2021 General Fund budget in April 2020 based on 180 ADM with a projected surplus of \$96,516. The budget was revised in May 2021 for a decrease in ADM to 141 and an estimated surplus of \$102,489. The FY 2021 financial audit contains the following regarding the school's budget:

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the School revises the annual operating budget in mid-year. These budget amendments typically fall into two categories:

- *Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.*
- *Legislation passed subsequent to budget adoption, changes necessitated by employment agreements or change in enrollment, and increases in appropriations for significant unbudgeted costs.*

Total General Fund revenues were \$40,442 (or 1.39%) lower than the final amended budget. Total General Fund expenditures were less than the final amended budget by \$88,028 (or 3.13%). While the School's final budget for the General Fund anticipated that revenues and other financing sources would exceed expenditures by \$102,489, the actual result for the year shows a net increase in fund balance of \$150,075, which is net variance of 47,586.

The school ended FY 2021 with a surplus of \$150,075 and 140 ADM. The financial audit noted the following:

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- *Total General Fund revenues were \$2,875,834 as compared to \$2,725,759 of expenditures.*
- *Total net position of governmental activities at June 30, 2021 was \$(900,371).*
- *The total fund balance of the General Fund increased from \$486,992 at June 30, 2020, to \$637,067 at the end of fiscal year 2021.*

Total General Fund Revenue increased by \$11,097 from the previous year. This increase is primarily due to an increase in federal sources.

Total General Fund Expenditures decreased by a net of \$138,810 from the previous year. A majority of this decrease was related to a decrease in purchased services, as transportation services decreased \$112,845 due to a decrease in enrollment and some distance learning days.

In 2020-21, General Fund revenues exceeded expenditures by \$150,075. The total fund balance increased from \$486,992 at June 30, 2020 to \$637,067 at June 30, 2021. The fund balance is the single best measure of overall financial health, and the total fund balance at June 30, 2021, represents 23.4% of annual expenditures.

The school has maintained a balanced budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
X	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)

	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained one legal compliance finding as noted in this excerpt from the financial audit report Schedule of Findings and Responses:

FINDINGS AND RESPONSES – MINNESOTA LEGAL COMPLIANCE

CURRENT YEAR

Finding 2021-002 Insufficient Collateral

Condition: Minnesota Statute 118A.03, subdivision 1 and 3, states that if a charter school desires to deposit an amount in excess of deposit insurance, it must obtain a bond or collateral which, when computed at its market value, shall be at least 10% more than the amount of the excess deposit. During our testing it was noted that the FDIC limit of \$250,000 was less than total deposits in bank which caused an excess of deposits with no collateral in place for the excess.

Recommendation: We recommend the school work with the bank to ensure that if the Charter School has deposits in excess of the FDIC limit of \$250,000, collateral be put in place.

CORRECTIVE ACTION PLAN (CAP):

Actions Planned in Response to Finding:
During fiscal year 2021, the School will implement policies and procedures to ensure that there is proper collateral if the school desires to deposit an amount in excess of deposit insurance.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021, however, the FY 2020 audit (see standard four above) noted Lack of Prompt Payment of Bills as a finding.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.

	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The school provided monthly financial information in a timely and consistent manner in FY 2021. The director is always willing to provide documents that may have been missed or incorporate recommended improvements.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.

	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2020
Fund Balance Amount	\$134,909	\$150,248	\$486,992	\$637,067
Fund Balance Percent	5.25%	5.61%	17.1%	23.4%

The school ended FY 2021 with an increase in the General Fund balance. The school has a Fund Balance policy that states in part:

To ensure the financial strength and stability of Tesfa International School, the board will endeavor to maintain a targeted fund balance of no less than 10% and no more than 20% of our revenues.

The board will review the fund balance target over time to accommodate the changing financial situation and holdback from the state of Minnesota.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.

X	0 = 0-4 meetings/year
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	1 = 5-7 meetings/year
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	2 = 8-12 meetings/year
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Data Source: Board meeting packets, agendas, and minutes.

The school has a finance committee that meets regularly. The committee reviews monthly financial reports in detail and all financial matters of the school. An email from the director states:

The finance committee met four times.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.

X	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
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	1 = n/a
--	---------

	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
--	--

Data Source: School board members queries, board meeting agendas and minutes.

Finance committee members did not receive formal or informal financial training in FY 2021 as an email from the director on January 12, 2022 explains:

The members were all returning so we didn't train on roles.

Standard Ten: The school is not in Statutory Operating Debt (SOD).

	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

TrekNorth

2400 Pine Ridge Avenue Northwest
Bemidji, MN 56601

Phone: 218-444-1888
www.treknorth.org

Director: Erica Harmsen

School Profile

Mission Statement

TrekNorth will prepare young people to make a positive difference in their local and global communities.

Vision

TrekNorth is a place where all students pursue a rigorous course of study and challenging wilderness experiences designed to prepare them for college and life beyond. Students are nourished by a supportive, healthy, and safe learning community of engaged peers, teachers and families. Students develop strong academic and life skills that give to them a positive self-identity and a strong connection to their community and to the world at large. TrekNorth is a community and graduates are capable of deliberately creating other communities similarly characterized by compassion, sustainability, challenge, and global thinking.

Mission

TrekNorth's mission is to maximize student academic success by challenging and supporting individual students on an academic path that includes participation in a spectrum of vertically aligned college-readiness courses, including Advanced Placement courses. TrekNorth's mission is to develop leadership skills in all students through required participation in wilderness experiences and outdoor skill development. TrekNorth's mission is to support students by requiring parental collaboration in key areas, by providing parents the necessary education and training to be an effective partner, and by committing to the successful implementation of a comprehensive wellness curriculum. TrekNorth's mission is to actively guide students in their process of developing a positive self-identity and a responsibility to serve their community. TrekNorth's mission is to graduate students who have the desire and ability to build community.

TrekNorth Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.
- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The school board approved the FY 2021 budget in June 2020 based on 245 ADM and projecting a surplus of \$2,515. The board revised the budget in November 2020 with no change to ADM's and increasing the estimated surplus to \$38,015.

General Fund highlights for FY 2021 included in the school's financial audit include:

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- *Overall revenues in the Statement of Activities were \$4,094,888 and expenses were \$3,802,844.*
- *The general fund balance increased from \$1,673,712 to \$2,053,434.*
- *The food service fund balance increased from \$7,233 to \$23,568.*
- *The School had an average daily membership of 251.08 students.*

Total General Fund Revenue increased by \$31,407 or 0.8% from the previous year. Basic general education revenue is determined by multiple complex state formulas, largely enrollment driven, and consists of a specified minimum amount with variables such as socioeconomic indicators driving additional funding. For Minnesota charter schools the majority of all funding is made up of general education aid, special education aid and charter school lease aid.

Other revenue consists of federal and private grant funding that is often expenditure driven.

Total General Fund Expenditures increased \$174,931 or 5.0% from the previous year. Overall increase is due to an increase in capital expenditures for a new copier and two new vans.

General Fund Budgetary Highlights

Actual revenues were \$22,895 more than expected. Budgeting is done using a conservative ADM figure, due to the at-risk student population and the recognition of restricted revenue.

The actual expenditures were \$285,873 under budget. Regular instruction and special education instruction were lower than budget due to less expenses for teacher as a result of distance learning.

The school ended FY 2021 with 251 ADM's and a surplus of \$379,722. The school has maintained a balanced budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2021.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
X	0 = 1 or more “material weakness” or legal compliance finding (s)
	1 = 1 or more “significant deficiency” finding(s)
	2 = no findings
Data Source: The school’s financial audit report.	

The school’s FY 2021 financial audit contained two findings considered to be material weaknesses and noted in this excerpt from the financial audit reports Schedule of Findings and Responses:

FINDING: 2021-001 LIMITED SEGREGATION OF DUTIES

Condition: Due to the limited size of the School’s business office staff, the School has limited segregation of duties.

Recommendation: We recommend that the School continue to segregate duties as best it can within the limits of what the School considers to be cost beneficial.

Response to Finding: The School reviews and makes improvements to its internal controls on an ongoing basis, and attempts to maximize the segregation of duties in all areas within the limits of the staff available. However, the School does not consider it cost beneficial at this time to increase staff in order to further segregate accounting functions.

FINDING: 2021-002 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Condition: The School does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures are complete and presented in accordance with U.S. generally accepted accounting principles (GAAP).

Recommendation: Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Response to Finding: The School will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the annual financial statements.

As noted in the school's response to the findings, the School reviews and makes improvements to its internal controls on an ongoing basis, and attempts to maximize the segregation of duties in all areas within the limits of the staff available. However, the School does not consider it cost beneficial at this time to increase staff in order to further segregate accounting functions.

In addition, the school will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the annual financial statements.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed
Data Source: Board packets	

The school has consistently provided required monthly financial reports to VOA-MN and the board through June 2021.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.	
	0 = < 15%
	1 = 15-20%
X	2 = 20% or >
Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.	

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2020
Fund Balance Amount	\$1,077,874	\$1,173,180	\$1,673,712	\$2,053,434
Fund Balance Percent	32.13%	33.78%	48.19%	57.45%

As the table indicates the school has a strong General Fund balance ending the past four years with over a 57% fund balance. The school's fund balance policy states in part:

To ensure the financial strength and stability of the District, the Board will endeavor to maintain at least 25% of the District's General Fund operating budget, excluding those accounts associated within the Restricted category, in the combined total of the General Fund Committed, Assigned and Unassigned fund balances.

The school has a healthy fund balance that meets its General Fund balance policy target and the VOA-MN standard.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school's finance committee meets prior to the regular monthly meeting to review the school's financial reports in detail. The committee met nine times in FY 2021 and is doing the appropriate

work including reviewing the school's financial reports as one section of the March 2021 meeting minutes indicate:

Direct Inspections

6.1 Financial Condition and Activities Policy Property (2.5.3)

(Shall Not) Dispose of real property valued over \$1000.00 per individual item w/o board approval.

- *(no pending transactions)*
- *6.1.2 Cash Balances (2.5.9 Cash Balances) (Shall Not) Allow cash to drop below the amount needed to settle payroll and debts in a timely manner.*

202108:

- *Cash Flow Statement*
- *Detail Payment Register/VOID/CC Statement, 202108*
 - *Purchaser of the CC is listed per section*
 - *Ryan Webber's was listed as amazon primary while my card was being reissued*
 - *If a person needs a purchase and they don't have a card in their name, Kirby's is used.*
- *Expenditure Matrix, 202108*
- *Balance Sheet, 202108*
- *Budget vs. Actual, ADM 202108*
- *Bank Reconciliation, 202108*
 - *Outstanding check for \$50 coming up on the year mark. Nikki will contact that person to see if they would like a new check issued.*

Motion 6.1.2: Move 202108 Cash Flow, Detail Payment Register/VOID/CC Statement, Expenditure Matrix, Balance Sheet, Budget vs Actual ADM, Quarterly Expenditure Matrix and Bank Reconciliation to the Board.

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

An email excerpt from the school business manager addresses finance committee member training:

We typically do an in-depth training on financial reports in October and then when the auditor is here (typically also the October board meeting) she goes over with all (board and finance members) details to review in the audit, things to question throughout the year etc.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

The school is not in Statutory Operating Debt.

Woodbury Leadership Academy

8089 Globe Drive
Woodbury, MN 55125

Phone: 651-571-2100
www.wlamn.org

Director: Kathy Mortensen

School Profile

Woodbury Leadership Academy utilizes leadership-based programs and strategies grounded in solid research, combines with the demonstrated success of Core Knowledge curriculum as the basis of a rigorous program that builds strong skills in math, reading, literature, writing, music, science and technology.

Woodbury Leadership Academy is a school where students and graduates become exceptional leaders, and are prepared to take on the academic and leadership challenges they will face as they transition into high school.

Woodbury Leadership Academy (WLA) is a nonprofit charter school located in Woodbury, Minnesota. Our learning environment and school community promotes academic achievement for students in grades K-8, as well as personal integrity, equity and a dedication to value and serve others.

Our school is committed to our students' long-term success. We use inquiry-based learning while building strong skills in math, reading, writing, history, science and technology - all of the essential areas of learning. We also have a strong character education program to ensure students develop exceptional leadership skills. The character education program includes service-learning projects and a focus of **five core virtues - respect, responsibility, perseverance, gratitude and humanity.**

WLA Website

VOA-MN Standard Analysis

The school's evaluation on each standard is listed in the tables below. The three possible outcomes are:

- Meets standard (2) Evidence of compliance is clear and/or consistent.
- Partially meets standard (1) There is some evidence that the standard is met.

- Does not meet standard (0) The standard has clearly not been met.

Standard One: The school maintains a balanced budget.	
	0 = deficit position
	1 = n/a
X	2 = surplus position
Data Source: Original and revised budgets, annual financial audit report, monthly income statements.	

The FY 2021 original General Fund budget approved in May 2020 was based on 547 ADM with a projected surplus of \$116,901. The budget was revised in April 2021 to reflect an increase in student enrollment to 568 ADM resulting in a year end surplus of \$896,417.

Budgetary highlights from the school's FY 2021 audit state:

General Fund Budgetary Highlights

The Charter School amended their budget during the year. The original General fund budget called for an increase in fund balance of \$496,126. The final budget called for an increase in fund balance of \$896,417. There was an actual increase to the fund balance of \$968,751.

Total revenues were \$175,456 less than what was budgeted for. The biggest revenue variance was revenue from state sources (\$180,011).

Total expenditures were \$247,790 less than budget. This variance is mostly attributed to the special education category, which had a positive budget variance of \$124,205.

The school ended FY 2021 with a General Fund surplus of \$968,751 based on 564 ADM. The financial audit contained the following relating to financial performance:

Financial Highlights

- *The fund balance of the General fund increased \$968,751 from the prior year for an ending fund balance of \$1,840,705 at June 30, 2021. At the end of the current fiscal year, the fund balance percentage for the General fund was 33.9% of total General fund expenditures.*
- *The fund balance of the Community Service Fund was \$91,489 at June 30, 2021.*

- *The average enrollment during 2020 - 2021 was 564 students which was an increase of approximately 87 students over the prior year.*
- *The Charter School had a positive net position of \$1,821,390 at the close of fiscal year 2021 which was an increase of \$2,117,123 from the prior year. This is primarily due to the donation of land recorded as a capital contribution.*

The school had another large increase in student enrollment in FY 2021 which is a reflection on the school program and management. The school has maintained a balanced budget for FY 2021.

Standard Two: The school is compliant with state and federal financial reporting deadlines and laws, including the proper use of public funds.	
	0 = missed > 1 time
	1 = missed 1 time
X	2 = never missed
Data Source: MDE reports including: Preliminary UFARS data, Student ADM, Final UFARS data.	

The VOA-MN financial analyst did not discover any missed state or federal financial reporting deadlines through June 2020.

Standard Three: The school's financial audit is submitted to the Minnesota Department of Education, Office of the State Auditor and the authorizer by December 31.	
	0 = not submitted
	1 = n/a
X	2 = submitted
Data Source: Email from the school with attached MDE documentation.	

The school submitted its financial audit to the MDE by December 31, 2021.

Standard Four: Schools are expected to have audits that are free of all findings.	
	0 = 1 or more "material weakness" or legal compliance finding (s)
	1 = 1 or more "significant deficiency" finding(s)
X	2 = no findings
Data Source: The school's financial audit report.	

The school's FY 2021 financial audit contained no findings as noted in these excerpts from the audit report:

In connection with our audit, nothing came to our attention that caused us to believe that the Charter School failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Charter Schools. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Charter School's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Standard Five: The school is current on all financial obligations, including, but not limited to: pension payments, payroll taxes, insurance coverage and loan payments.	
	0 = late > 3 times
	1 = late 1-2 times
X	2 = never late
Data Source: Monthly check registers, cash flow projections, board meeting agenda's and minutes.	

The VOA-MN financial analyst did not discover any delinquent or late payments to vendors of the school through June 2021.

Standard Six: The School provides VOA-MN and school board members with monthly financials. June financial reports may be delayed until year-end journal entries are completed. Packets include at least the following: 1) detailed income/expense report, 2) cash flow projection, 3) check register, and 4) current enrollment (Average Daily Membership). The board should review and approve the financials at each board meeting.	
	0 = missed > 2 times
	1 = missed 1-2 times
X	2 = never missed

Data Source: Board packets

The school provided monthly financial information to the school board and VOA-MN consistently in FY 2021.

The school board and leaders are always willing to provide documents that may have been missed or incorporate recommended improvements.

Standard Seven: The School develops and maintains a targeted General Fund balance determined by the school board. For the finance report, VOA-MN also determines a standard for fund balance annually based on items such as school funding trends and funding hold-backs.

	0 = < 15%
--	-----------

	1 = 15-20%
--	------------

X	2 = 20% or >
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Data Source: The school's General Fund balance policy, monthly financial reports, board meeting agenda's and minutes.

The table below contains the history of the school's General Fund balance/SOD calculation:

FOUR YEAR FUND BALANCE HISTORY				
	FY 2018	FY 2019	FY 2020	FY 2021
Fund Balance Amount	\$436,065	\$714,399	\$871,954	\$1,840,705
Fund Balance Percent	20.85%	20.58%	18.6%	33.9%

The school has been able to maintain the General Fund balance above the VOA-MN standard of 20% for the past three years and dipped just below that in FY 2020. The school's General Fund balance target has also not been reached in FY 2020 and the school's policy states:

It will be the policy of Woodbury Leadership Academy to budget towards maintaining a 20% general fund unreserved fund balance as a percentage of yearly general fund expenditures.

Excess annual year-end budget surpluses will not be allocated in following year budgets until the target fund balance is achieved, unless specifically directed by the Board of Directors.

The fund balance to be used is presented in the audited annual financial statement. The percentage will be calculated as follows: (Prior Year Audited General Fund Balance + Current Year General Fund Surplus of Revenues less Expenditures) / (Total Current Year General Fund Expenditures).

The school does a good job at managing public funds and will want to increase the General Fund balance in FY 2021 to be in accordance with the school's fund balance policy and the VOA-MN standard.

Standard Eight: The school board has a finance committee that meets regularly to review financial reports.	
	0 = 0-4 meetings/year
	1 = 5-7 meetings/year
X	2 = 8-12 meetings/year
Data Source: Board meeting packets, agendas, and minutes.	

The school's finance committee meets on a regular basis, ten times in FY 2021, to review financial information including reports, policies and procedures. The school's website includes a document detailing the Finance Committee's charge as follows:

***Committee Purpose:** The purpose of the Finance Committee is to govern the school's finances by overseeing the school's budget, to address financial issues, and to ensure the flow of financial information. The Finance Committee has the responsibility collaborating with the Director and the Contracted Financial Manager to create the upcoming fiscal year budget for the school, present budget recommendations to the BOD, monitor implementation of the approved budget on a regular basis, and recommend proposed budget revisions.*

In addition to attending meetings and volunteering for specific tasks, the document also details the committee members responsibilities:

Committee Members Need To:

- *Prepare an annual budget for the school*
- *Develop and annually revise a three-year financial forecast and develop long-range financial plans based on the forecast*
- *Arrange for an annual audit to be provide to the BOD*
- *Provide oversight of the procurement process*

- *Review monthly financial statements and variances from the budget, and recommend action to the BOD, as appropriate*
- *Develop and implement BOD level training to ensure that all BOD members can be effective stewards of the school's financial resources*

Standard Nine: All finance committee members exhibit working knowledge of financial oversight.	
	0 = some committee members have not received formal/informal training during the year relating to their roles and responsibilities on the finance committee
	1 = n/a
X	2 = all committee members have received formal/informal training during the year relating to their roles and responsibilities on the finance committee
Data Source: School board members queries, board meeting agendas and minutes.	

All finance committee members have received training in school finance oversight in FY 2021. An excerpt from an email from the board chair explains:

All members get informal training at each month's finance committee meeting as Brenda Kes, CFO from BerganKDV attends and reviews the financial statements in detail with the members. The budget model is also reviewed in detail with the members when there are any budget changes or revisions needed.

Standard Ten: The school is not in Statutory Operating Debt (SOD).	
	0 = in SOD
	1 = n/a
X	2 = not in SOD
Data Source: School's budget, board meeting agendas and minutes, financial audit.	

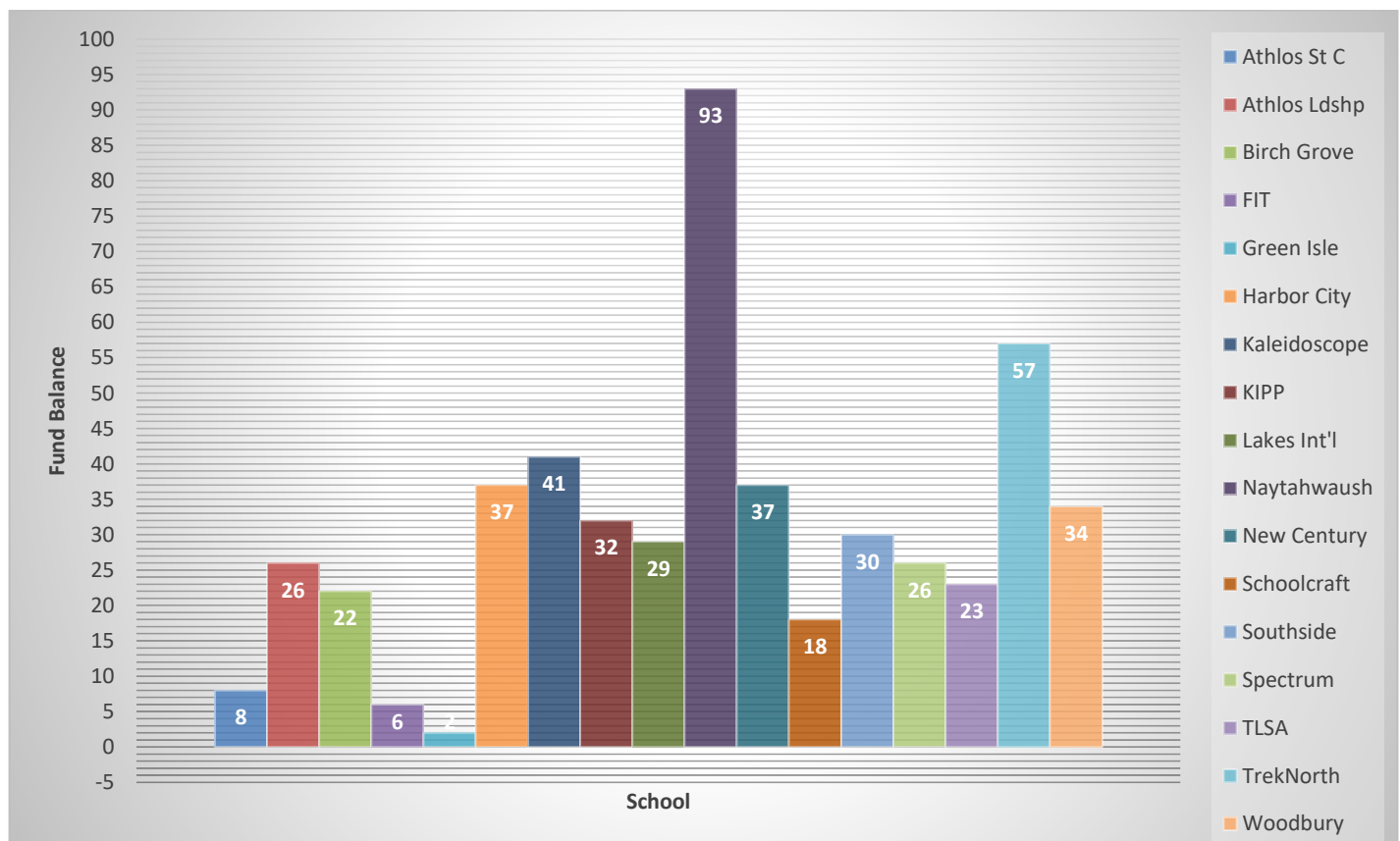
The school is not in Statutory Operating Debt.

Appendix One

FY 2021 FUND BALANCES FOR VOA-MN AUTHORIZED SCHOOLS

The following thirteen VOA-MN authorized schools posted fund balances far above the average of charter schools in the state. The chart below indicates that 76% of schools met or exceeded the VOA-MN standard of 20% including:

Athlos Leadership Academy 26%, Birch Grove 22%, Harbor City 37%, Kaleidoscope 41%, Kipp Northstar 32%, Lakes International 29%, Naytahwaush 93%, New Century 37%, Southside Family 30%, Spectrum 26%, Twin Lakes 23%, TrekNorth 57%, Woodbury Leadership 34%



Appendix Two

MDE SCHOOL FINANCE AWARD

The Minnesota Department of Education 2021 School Finance Award is based on 2020 financial reporting and focuses on compliance. Thirteen (13) of seventeen (17) reporting schools authorized by VOA-MN earned this award in 2020. The history of VOA-MN recipients is as follows:

2020 MDE recipients (13)

Athlos Leadership	Birch Grove	Harbor City	Kaleidoscope	Kipp Northstar
Lakes Intern'l	Naytahwaush	New Century	Schoolcraft	Southside Fam
Spectrum	TrekNorth	Woodbury		

2019 MDE recipients (17)

Athlos Leadership	Birch Grove	Cornerstone	FIT	Kaleidoscope
Lakes Intern'l	Naytahwaush	New Century	Schoolcraft	Southside Fam
Spectrum	Tesfa	TrekNorth	Woodbury	

2018 MDE recipients (17)

Athlos St Cloud	Athlos Leadership	Birch Grove	Cornerstone	FIT
Green Isle	Harbor City	Kaleidoscope	KIPP	Lakes Intern'l
Naytahwaush	New Century	Schoolcraft	Spectrum	Tesfa
TrekNorth	Woodbury			

2017 MDE recipients (15)

Athlos Leadership	Birch Grove	Cornerstone	Green Isle	Harbor City
Kaleidoscope	KIPP	Lakes International	Naytahwaush	New Century
Schoolcraft	Southside Family	Spectrum	TrekNorth	Woodbury

Appendix Three

VOA-MN FINANCE AWARD of EXCELLENCE

The VOA-MN Finance Award of Excellence is given to school's that have met all ten VOA-MN standards. Five of seventeen reporting schools authorized by VOA-MN earned this award in 2021:

2022 Recipients

School	Board Chair	Business Manager	Financial Vendor	Auditor
Athlos Leadership	Anne Degroot	N/A	BerganKDV Jenny Abbs	Schlenner
Kaleidoscope	Dana Anton	N/A	Dieci Joe Aliperto	CLA
Naytahwaush	Ann Briggs	Crystell Tibbetts	N/A	Mill McDonald
New Century	Ellie Holte	N/A	BerganKDV Jenny Abbs	Chuck Rinkey
Woodbury LA	Mandi Folks	N/A	BerganKDV Brenda Kes	Abdo

Appendix Four

PAST VOA-MN FINANCE AWARD of EXCELLENCE RECIPIENTS

The five-year history of VOA-MN Finance Award of Excellence recipients is as follows:

2021 Recipients (4)

Kaleidoscope	Lakes Int'l	Naytahwaush	New Century
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2020 Recipients (4)

Kaleidoscope	Lakes Int'l	Naytahwaush	New Century
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2019 Recipients (3)

Cornerstone	Lakes Int'l	Spectrum
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2018 Recipients (4)

Cornerstone	Kaleidoscope	Lakes Int'l	KIPP
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2017 Recipients (4)

Cornerstone	Kaleidoscope	Lakes Int'l	Spectrum
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Appendix Five

PERFORMANCE REPORT EVALUATION

AUTHORIZING PROGRAM GOAL

Quality School Performance: VOA-MN creates and maintains systems of charter school performance review that support analysis, reflection and planning, and implementation of continuous improvement measures for the charter schools we authorize.

PLAN FOR MEASURING/MONITORING PROGRESS MEETING GOAL

The VOA-MN Charter School Authorizing Program team evaluates the extent to which we are meeting this goal annually and include analysis in the Annual Network Performance Reports (School Academic Program, School Board Governance, School Finance). The goal will be met if each school achieves at least a Satisfactory Rating (70% of points possible) in the Performance Framework overall and has met the majority of standards in each performance area (Academic, Financial, Organizational Performance).

SCHOOL NAME	VOAMN PERCENT of FINANCIAL STANDARDS MET
Athlos Academy of St. Cloud	80
Athlos Leadership Academy	100
Birch Grove Community School	80
Bluffview Montessori School	<i>Coming in FY22</i>
FIT Academy	70
Green Isle Community School	60
Harbor City International School	80
Kaleidoscope Charter School	100
KIPP: North Star Academy	80
Lakes International Language Academy	90
Naytahwaush Community Charter School	100
New Century School	100
Schoolcraft Learning Community	60
Southside Family Charter School	70
Spectrum High School	90
Twin Lakes Stem Academy	90
TrekNorth High School	90
Woodbury Leadership Academy	100

Did each school meet the majority of financial standards?	NO
Did each school achieve at least a “Satisfactory” rating of financial standards? (at least 70% of points possible)	NO

ANALYSIS: Five schools met 100% of the VOA-MN financial standards, ten schools met at least 70%, and two schools did not meet at least 70% of the standards.

STRATEGY FOR IMPROVEMENT MEETING / MAINTAINING GOAL: Continuation of monthly oversight while providing technical assistance will be important to maintain and improve the above stated percentages.