



Charter School Authorizing Program
 Volunteers of America - Minnesota
 9220 Bass Lake Road, Suite 255
 New Hope, MN 55428

NOTICE OF DEFICIENCY - INTERVENTION LEVEL TWO

February 20, 2025

TRANSMITTED VIA ELECTRONIC MAIL

Manny Duerson, Board Chair
 Southside Family Charter School
 4500 Clinton Avenue S
 Minneapolis, MN 55419

Dear Mr. Duerson and Board Members:

As a normal course of our oversight of the school, VOA-MN has five concerns that need to be addressed by the Board and Administration of the School that are cause for the school being placed in “Notice of Deficiency - Intervention Level Two.

RANGE OF POSSIBLE INTERVENTIONS		
If VOA-MN has a concern about the School, or if the School fails to make adequate progress towards achieving authorizer contractual standards/expectations for school performance, or to comply with Applicable Law, or other requirements of this contract, VOA-MN shall determine the appropriate intervention. The interventions below need not be implemented sequentially, and VOA-MN will implement these as it sees fit and at its sole discretion.		
Status	Triggered By	May Result In
INTERVENTION LEVEL TWO Notice of Deficiency	<p>Signs of further weakening performance identified through routine monitoring; through implementation, compliance, or performance reviews; or by other means.</p> <p>Failure to meet multiple contractual performance standards/expectations; or repeated failure to meet a single performance standard/expectation.</p> <p>Significant failure to comply with applicable law or the conditions of the charter contract.</p> <p>Continued evidence of poor financial health or management.</p>	<p>Letter from Authorizer to charter school Board of Directors detailing areas of deficiency and action required to address the deficiency.</p> <p><i>and</i></p> <p>Authorizer may require charter school Board of Directors to approve a remediation plan containing specific improvement objectives, technical assistance requirements, and schedule for remedial actions to be approved by the Authorizer.</p>

CONCERN ONE - The school’s financial audit contains findings.

VOA-MN Finance Standard Four: Schools are expected to have audits that are free of all findings.
SFCS DOES NOT MEET STANDARD

[Minnesota Statute 6.65 MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED. The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of political subdivisions in Minnesota. The minimum scope for audits of all political subdivisions must include financial and legal compliance audits. Audits of all school districts must include a determination of compliance with uniform financial accounting and reporting

standards. The state auditor shall promulgate an audit guide for legal compliance audits, in consultation with representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.]

The SFCS FY24 financial audit contained five findings including legal compliance and other internal control findings considered to be significant deficiencies. The school has consistently received similar findings dating back to FY20. These numerous findings are concerning and indicative of fiscal weaknesses throughout the school's management procedures and practices.

EXPECTATION AND TIMELINE: It is essential that the school come into compliance by reducing or eliminating these audit findings in future years.

CONCERN TWO - The school has been late on vendor payments in FY25 due to its financial position.

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

SFCS DOES NOT MEET STANDARD

EXPECTATION AND TIMELINE: It is critical that the school come into compliance with these requirements per the school's contract with VOA-MN and be good stewards of public funds.

CONCERN THREE - The school is not maintaining a balanced budget or meeting enrollment goals set by the board.

VOA-MN Finance Standard One: The school maintains a balanced budget.

SFCS DOES NOT MEET STANDARD

VOA-MN Management & Operations Standard 9: The school meets / maintains its enrollment goals.

SFCS DOES NOT MEET STANDARD

The original school FY25 budget was based on 130 ADM and projects a deficit of \$127,647. Enrollment as of December 2024 is 122 ADM.

EXPECTATION AND TIMELINE: It is essential that the school address the lower-than-expected enrollment since the original budget was approved by the board. With December enrollment at 122 ADM, the school should revise the budget to reflect this. In addition, the school should work with the board to create a long-range budget plan that restores fiscal health via a balanced budget.

CONCERN FOUR - The school's General Fund balance has decreased over the past three years.

VOA-MN Finance 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 holdbacks.

SFCS DOES NOT MEET STANDARD

The school's General Fund balance has decreased over the past three years as follows:

FY 2022	19.1%
FY 2023	6.2%
FY 2024	2.2%

EXPECTATION AND TIMELINE: It is critical that the school stabilize the decreasing trend in the General Fund balance by instituting strong fiscal management that includes planning an attractive program that stimulates demand in their community.

CONCERN FIVE - The school is at risk of being in Statutory Operating Debt (SOD) at year end.

VOA-MN Finance Standard Ten: The school is not in Statutory Operating Debt (SOD).

SFCS WILL POTENTIALLY NOT MEET STANDARD

In a meeting with the school leader in November 2024, the possibility of SOD at the end of FY25 was discussed. The VOA-MN representatives notes after this meeting state: *“The school will be in SOD after FY25 unless they get the approval of a restricted donation to be released and used in the General Fund, the ERC credit of approximately \$246K comes through, or they get approval to transfer \$150K from the Women’s Foundation of MN.”*

EXPECTATION AND TIMELINE: The school should immediately develop a plan to avoid SOD.

VOA-MN OUTREACH TO THE SCHOOL: For concerns one through four, VOA-MN has included this information about the above listed concerns in the annual financial reports to the school. For concern five, VOA-MN representatives have met with the school leader, attended a finance committee meeting, and attended a site visit meeting in FY25 where the school’s potential SOD status was discussed.

Authorizer VOA-MN expects to receive a formal response to our concerns outlined above no later than **March 14, 2025** (submitted to rochel.perna@voamn.org and solsen@voamn.org). The response must include school accountability measures for each of the five concerns to ensure that these legal infractions do not repeat in the future. In addition, please include a board approved remediation plan that addresses each deficiency and contains specific improvement plans and objectives. The compliance items must be attended to promptly. Please contact Rochel Perna if you have questions regarding the financial standards/requirements.

Sincerely,



Stephanie Olsen, Manager
VOA-MN Charter School Authorizing Program

CC: Rochel Perna, VOA-MN School Financial Analyst



RANGE OF POSSIBLE INTERVENTIONS – CONTRACT B. II.

If VOA-MN has a concern about the School, or if the School fails to make adequate progress towards achieving authorizer contractual standards/expectations for school performance, or to comply with Applicable Law, or other requirements of this contract, VOA-MN shall determine the appropriate intervention. The interventions below need not be implemented sequentially, and VOA-MN will implement these as it sees fit and at its sole discretion.

Status	Triggered By	May Result In
<p>INTERVENTION LEVEL ONE</p> <p>Notice of Concern</p>	<p>Signs of weak performance identified through routine monitoring; through implementation, compliance, or performance reviews; or by other means.</p> <p>Lack of progress towards meeting contractual performance standards / expectations.</p> <p>Failure to submit required documents on a timely basis.</p> <p>Failure to comply with applicable law or the conditions of the charter contract.</p> <p>Signs of poor financial health or management.</p>	<p>Letter from the Authorizer to the charter school’s Board of Directors detailing areas of concern.</p> <p>Authorizer recommendation that the school board institute an oversight plan for performance improvement in the areas where standards were not met.</p>
<p>INTERVENTION LEVEL TWO</p> <p>Notice of Deficiency</p>	<p>Signs of further weakening performance identified through routine monitoring; through implementation, compliance, or performance reviews; or by other means.</p> <p>Failure to meet multiple contractual performance standards/expectations; or repeated failure to meet a single performance standard/expectation.</p> <p>Significant failure to comply with applicable law or the conditions of the charter contract.</p> <p>Continued evidence of poor financial health or management.</p>	<p>Letter from Authorizer to charter school Board of Directors detailing areas of deficiency and action required to address the deficiency.</p> <p><i>and</i></p> <p>Authorizer may require charter school Board of Directors to approve a remediation plan containing specific improvement objectives, technical assistance requirements, and schedule for remedial actions to be approved by the Authorizer.</p>
<p>INTERVENTION LEVEL THREE</p> <p>Probationary Status</p>	<p>Continued failure to meet contractual performance standards/expectations or failure to meet objectives of a remediation plan.</p> <p>Continued failure to comply with the applicable law or the conditions of the charter contract.</p> <p>Severe concerns regarding the school’s financial viability.</p>	<p>Letter from the Authorizer to charter school Board of Directors detailing reasons for probationary status and action required to address concerns.</p> <p>Remediation plan imposed by the Authorizer.</p> <p><i>and/or</i></p> <p>Authorizer may appoint staff or a consultant to specifically monitor implementation of the remediation plan</p>
<p>INTERVENTION LEVEL FOUR</p> <p>Charter Review</p>	<p>Failure to address the terms of Probationary Status.</p> <p>Extended pattern of failure to meet contractual performance standards/ expectations and/or to comply with applicable law or the conditions of the charter contract.</p> <p>Severe and persistent concerns regarding the school’s financial viability.</p>	<p>Recommendation to revoke, not to revoke, or to impose lesser sanctions.</p> <p><i>and/or</i></p> <p>Decision to commence or not to commence revocation proceedings made by VOA-MN.</p>
<p>INTEVENTION LEVEL FIVE</p> <p>Charter Revocation</p>	<p>Charter Review results in recommendation to revoke.</p>	<p>Commencement of charter revocation proceedings consistent with Minnesota Stat. 124E and the terms of the charter contract.</p>



March 12, 2025

Dear Stephanie and Rochel,

We are writing in response to your February 20, 2025 letter sharing five concerns placing our school in "notice of deficiency: intervention level two". Below we have addressed each of the five concerns in alignment with your expectations and timeline.

Concern One: The School's financial audit contains findings.

Expectation and Timeline: It is essential that the school come into compliance by reducing or eliminating these audit findings in future years.

- The FY24 audit contained a handful of findings that have already been addressed for the FY25 audit. Our authorized bank signatories have been updated. In the future, bank signatories will be updated as soon as an employee serving as a signatory leaves SFCS. The board and school leadership have also now been trained on the requirement that large donations require board approval, so accepting donations should no longer be a finding. The other findings - timely bank reconciliations, lack of supporting documentation, and time period for payment - are all things that the school leadership and our finance team at Creative Planning are working closely on together to continually improve on our processes. Bank reconciliations and supporting documentation have already much improved through our online receipt submission (bill.com) and deposit tracking forms. We also work closely with the accounts payable department to track cash flow and make any necessary shifts each month to be able to make timely payments to our vendors.

Concern Two: The school has been late on vendor payments in FY25 due to its financial position.

Expectation and Timeline: It is critical that the school come into compliance with these requirements per the school's contract with VOA-MN and be good stewards of public funds.

- As mentioned in the above concern, our school leadership now works closely with our accounts payable department and our financial supervisor at Creative Planning to monitor and map our cash flow on a monthly basis to avoid late payments to our vendors. Currently, the school has access to an account at the Minnesota Women's Foundation with roughly \$150,000. As we move toward the last quarter of FY25, we know that state IDEA payments fluctuate based on ADM adjustments, statutory adjustments and holdbacks. If the school has a cash flow challenge in this last quarter and/or in the first quarter of FY26, we plan to pull money from this account to avoid late vendor payments.





Concern Three - The school is not maintaining a balanced budget or meeting enrollment goals set by the board.

Expectation and Timeline: It is essential that the school address the lower-than-expected enrollment since the original budget was approved by the board. With December enrollment at 122 ADM, the school should revise the budget to reflect this. In addition, the school should work with the board to create a long-range budget plan that restores fiscal health via a balanced budget.

- Concern three is closely related to concern four and five. This group of concerns illustrates the impacts of financial challenges that have persisted over the course of the past several years. Addressing these challenges and planning for a future of financial sustainability have been the primary concern of the board this year. The first goal of the board in relationship to the above concern is passing a balanced budget for the 2025-26 School Year. In order to meet this goal, here are the actions the board is currently taking/have taken in the 2024-25 School Year:
 - Research and review multiple budget models based off of enrollment goals and general education staffing numbers that will produce a balanced budget (Winter of 2024-25). This research also included multiple conversations with the full staff to get buy in and support around the selection of a model and the necessary staffing cuts each model produced.
 - Select a budget model that we are confident will enable the school to meet enrollment goals (Winter 2025). In order to prioritize financial health, the school and board are supporting a reduction in enrollment along with a significant cut in staffing and leadership structure. For the 2025-26 school year, we are building a balanced budget from an enrollment goal of 52 students. In this model, general education staff is significantly reduced and the leadership structure will shift to a teacher powered school. The returning staff who will implement this model are already working in a cohort with Teacher Powered Schools, meeting weekly to plan for next year, and supported by a strong group of returning family members who are volunteering time and labor to support this transition (ie: with enrollment/recruitment, communications, committing to engage in board committee work, committing to volunteer in the 2025-26 school year, etc.). The group of returning staff is also working closely with the current school leadership to plan for this transition.
 - After the passage of a balanced budget for the 2025-26 school year, the board will begin working on a 5 year enrollment goal plan to continue to pass balanced budgets as a necessary pathway to sustained fiscal health.





Concern Four - The school's General Fund balance has decreased over the past three years.

Expectation and Timeline: It is critical that the school stabilize the decreasing trend in the General Fund balance by instituting strong fiscal management that includes planning an attractive program that stimulates demand in their community.

- The first step to the school's ability to stabilize and then begin to rebuild the general fund is outlined above in the addressing of concern three (passing a balanced budget).
- In the fall of 2024, the Snow Family Foundation provided a \$100,000 donation that was directly stipulated to be used as seed money to stabilize and begin to rebuild the school's fund balance.
- The school qualified for 3 quarters of ERC payments and is owed a significant amount of money from the IRS (estimated conservatively at \$250,000). Receipt of these payments along with the Snow Family Foundation would cause an immediate upward trend with our fund balance (move to +8.7%). The school received the first of three anticipated checks from the IRS on March 10. Although there is no timeline guaranteed by the IRS for payment, we have an official case (#8190897) filed with the Taxpayer Advocates who have agreed that we qualify for financial hardship which qualifies us for expedited processing. We are currently waiting to hear back from the IRS with further information.
- If the school does not receive all of the ERC checks prior to the end of FY25, then the school will work with the Snow Family Foundation to enable use of the \$100,000 toward regular expenditures with a commitment of putting that money back into the fund balance immediately upon receipt of the ERC funds (board discussion on this in the March 2025 meeting).
- After receipt of ERC funds, the school board will begin working on a 5 year enrollment goal plan to continue to pass balanced budgets that also contribute to a yearly increase in the general fund moving forward as a necessary pathway to sustained fiscal health.

Concern Five - The school is at risk of being in Statutory Operating Debt (SOD) at year end.

Expectation and Timeline: The school should immediately develop a plan to avoid SOD.

- Currently, the school's ADM is at 122 and the budget for the year was built on ADM of 130. With this adjustment, the school's projected deficit for the year is (\$207,512). Worst case scenario, this would result in a projected cumulative fund balance of (\$61,409) or -2.2% of expenditures at fiscal year-end. Even in this scenario, the school would stay out of SOD which is listed as -2.5% in state statute.
- The school is working diligently to stay as far out of SOD as possible. Our working budget listed above does not include our Women's Fund account which sits at approximately \$150,000. We plan on accessing this money as necessary to ensure timely payments to our vendors and support adjustments of in state payments. We are also underspending in every possible category to reduce the projected deficit for the year.



- School leadership has worked with MDE on amendments to the Stronger Connections grant to allocate funds toward staffing that is related to grant goals. This reallocation of grant funds will reduce the deficit as well and support the school in staying out of SOD.
- Finally, the receipt of ERC funds (whether in FY25 or FY26) will move the school into a much healthier fund balance and support keeping the school out of SOD moving into future years. This is further explained in the addressing of Concern Four.

Thank you for taking the time to offer this feedback and share your concerns. We look forward to partnering with VOA-MN as our authorizer and welcome your collaboration in the future success and financial sustainability of our school. If you have any questions, or follow up requests, please reach out to us at your convenience.

Sincerely,

Manny Duerson, Board Chair

CC: Alissa Case, School Leader
Stephanie Olsen, VOA-MN
Rochel Perna, VOA-MN





**NOTICE OF DEFICIENCY - INTERVENTION LEVEL TWO
VOA-MN Response to SFCS Response dated March 12, 2025**

April 2, 2025

School Board Membership
 Dr. Alissa Case, School Leader
 Southside Family Charter School
 4500 Clinton Avenue S
 Minneapolis, MN 55419

TRANSMITTED VIA ELECTRONIC MAIL

Dear Board Members & Dr. Case:

Thank you for the attention the concerns outlined in our NOTICE OF DEFICIENCY - INTERVENTION LEVEL TWO sent on February 20, 2025. Volunteers of America – Minnesota (VOA-MN) is satisfied that all concerns to be resolved have been included in the Southside Family Charter School (SFCS) response. The following is a table outlining the concerns in the February 20th letter, the VOA-MN response to the school, and our suggested next steps.

Area of Concern	VOA-MN Response to School	Next Steps
<p>CONCERN NUMBER ONE: The school’s financial audit contains findings.</p> <p>The SFCS FY24 financial audit contained five findings including legal compliance and other internal control findings considered to be significant deficiencies. The school has consistently received similar findings dating back to FY20. These numerous findings are concerning and indicative of fiscal weaknesses throughout the school’s management procedures and practices.</p>	<p>The school’s response is satisfactory to VOA-MN.</p> <p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • SFCS authorized bank signatories have been updated. • The board and school leadership have now been trained on the requirement that large donations require board approval. • Timely bank reconciliations, lack of supporting documentation, and time period for payment are all things that the school leadership and our finance team at Creative Planning are working closely on together to continually improve SFCS processes requiring board approval. 	<p>VOA-MN will continue to monitor improvements and re-evaluate the extent to which SFCS is meeting standard after the FY25 audit is complete.</p>
<p>CONCERN NUMBER TWO: The school has been late on vendor payments in FY25 due to its financial position.</p>	<p>The school’s response is satisfactory to VOA-MN.</p>	<p>VOA-MN will monitor this throughout the rest of this and next year.</p>
<p>CONCERN NUMBER THREE: The school is not maintaining a balanced</p>	<p>The school’s response is not satisfactory to VOA-MN.</p>	<p>SFCS response is needed.</p>

<p>budget or meeting enrollment goals set by the board.</p> <p>The original school FY25 budget was based on 130 ADM and projects a deficit of \$127,647. Enrollment as of December 2024 is 122 ADM.</p>	<ul style="list-style-type: none"> • Comment: The response states in part: <i>After the passage of a balanced budget for the 2025-26 school year, the board will begin working on a 5-year enrollment goal plan to continue to pass balanced budgets as a necessary pathway to sustained fiscal health.</i> • Comment: The authorizer is unclear why the board would wait until after passing the 2025-26 budget to develop an enrollment goal plan. This item should be a priority for the board and be addressed promptly. <ul style="list-style-type: none"> ○ Request: Please address these concerns. • Comment: The school’s response only addresses FY26 and beyond. <ul style="list-style-type: none"> ○ Request: Please address the FY25 budget revision and long-range budget. 							
<p>CONCERN NUMBER FOUR: The school’s General Fund balance has decreased over the past three years.</p> <p>The school’s General Fund balance has decreased over the past three years as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>FY 2022</td> <td>19.1%</td> </tr> <tr> <td>FY 2023</td> <td>6.2%</td> </tr> <tr> <td>FY 2024</td> <td>2.2%</td> </tr> </table>	FY 2022	19.1%	FY 2023	6.2%	FY 2024	2.2%	<p>The school’s response is not satisfactory to VOA-MN.</p> <ul style="list-style-type: none"> ○ Comment: The school’s response addresses the General Fund balance but not the marketing plan to attract students. <ul style="list-style-type: none"> ○ Request: Please address how the school and board will plan for an attractive program that stimulates demand in their community resulting in increased enrollment. ○ Comment: The school’s response states in part: <i>After receipt of ERC funds, the school board will begin working on a 5-year enrollment goal plan to continue to pass balanced budgets that also contribute to a yearly increase in the general fund moving forward as a necessary pathway to sustained fiscal health.</i> It is unclear to the authorizer why the board would wait until after the receipt of ERC funds to develop an enrollment goal plan. This item should be a timely priority for the board and be addressed promptly. <ul style="list-style-type: none"> ○ Request: Please address these concerns. 	<p>SFCS response is needed.</p>
FY 2022	19.1%							
FY 2023	6.2%							
FY 2024	2.2%							

<p>CONCERN NUMBER FIVE: The school is at risk of being in Statutory Operating Debt (SOD) at year end.</p> <p>In a meeting with the school leader in November 2024, the possibility of SOD at the end of FY25 was discussed. The VOA-MN representatives notes after this meeting state: <i>“The school will be in SOD after FY25 unless they get the approval of a restricted donation to be released and used in the General Fund, the ERC credit of approximately \$246K comes through, or they get approval to transfer \$150K from the Women’s Foundation of MN.”</i></p>	<p>The school’s response is satisfactory to VOA-MN.</p> <p>SFCS Response Highlights: The [SFCS] working budget does not include the Women’s Fund account which sits at approximately \$150,000. SFCS plans on accessing this money as necessary to ensure timely payments to our vendors and support adjustments in state payments. SFCS is also underspending in every possible category to reduce the projected deficit for the year.</p> <p>School leadership has worked with MDE on amendments to the Stronger Connections grant to allocate funds toward staffing that is related to grant goals. This reallocation of grant funds will reduce the deficit as well and support the school in staying out of SOD.</p> <p>[Though not a guarantee] the receipt of ERC funds (whether in FY25 or FY26) will move the school into a much healthier fund balance and support keeping the school out of SOD moving into future years.</p>	<p>VOA-MN will re-evaluate after the FY25 audit is complete.</p>
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The school’s responses to concerns one, two, and five are satisfactory to VOA-MN. Further information is needed from the school for concerns three and four. Please send a response to VOA-MN by **Monday, April 18, 2025** (submitted to rochel.perna@voamn.org and solsen@voamn.org). Please contact Rochel Perna if you have questions regarding the financial standards/requirements.

Sincerely,



Stephanie Olsen, Manager
VOA-MN Charter School Authorizing Program

CC: Rochel Perna, VOAMN Finance Analyst



4/15/25

Subject: Response to VOA-MN Concerns on Budget and Enrollment Goals

Dear Stephanie Olsen and Rochel Perna,

I hope this message finds you well. Thank you for your continued partnership and guidance. We have reviewed your recent feedback regarding our financial position and the concerns raised about our enrollment strategy. We would like to address the points specifically highlighted in comments 3 and 4 of your letter dated April 2, 2025.

Concern #3: Enrollment Goals and Budget Revision for FY25

As you noted, our original FY25 budget was based on an enrollment of 130 ADM, and our current enrollment as of December 2024 stands at 122 ADM, which projects a deficit of \$127,647. We understand the urgency of this matter and have moved forward with revising our enrollment and recruitment plans to ensure a more robust path to enrollment stability.

We have developed a comprehensive Recruitment Plan that focuses on maintaining a consistent enrollment of 52 students across K-5, with particular emphasis on kindergarten recruitment as our primary entry point. The recruitment plan includes targeted community outreach, strategic partnerships with local preschools, enhanced digital presence, and the formation of a Parent Ambassador Program. We aim to attract a total of 58-60 students (10-15% above our target) to account for potential attrition. We believe that by prioritizing kindergarten recruitment, maintaining an active waitlist, and strengthening our community presence, we will be well-positioned to meet and exceed our enrollment goals for FY25.

Additionally, our board has committed to developing a 5-year enrollment plan to ensure long-term sustainability, which we've already begun, rather than waiting until after the passage of the FY26 budget as initially stated. Please see the attached document to review the 5 year plan in detail. We are confident that this proactive approach will position us to stabilize enrollment and avoid future deficits.

Concern #4: General Fund Balance and Marketing Plan

We acknowledge your concerns regarding the continued decrease in our General Fund balance over the past few years. We have worked closely with our finance team to address this, and as of the most recent fiscal projection, we have taken steps to reverse this trend by ensuring that the current recruitment plan supports sustained growth. These changes have put us in a position to operate with a surplus each year, which will be directed into the General Fund to build long-term fiscal health. Additionally, on April 14, the school received notice from the IRS that we should be receiving both of our ERC checks in the next two to three weeks totaling

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\$306,000 (\$167,000 and \$139,000 respectively). This will give the school an enormous swing in fund balance, moving the school to +9.9% fund balance by the end of FY25 and translating to +16.3% by the end of FY26 with the shift toward a smaller community and budget. Please see the FY26 Budget Preview that is attached for further detail and review.

Our marketing plan is an integral component of our strategy as well. We are dedicated to not only increasing our enrollment through targeted recruitment but also reinforcing the strengths of our school that set us apart in the competitive Minneapolis education landscape. These include our focus on social justice, critical thinking, small class sizes, and hands-on learning in a culturally rich environment.

We are committed to addressing these concerns with urgency and are confident that our revised budget (please see the attached budget projection) and comprehensive recruitment plan will support us in stabilizing the General Fund and fostering the long-term fiscal health of the school.

Please do not hesitate to reach out if you need further clarification on any of these points. We will continue to keep you updated on our progress and look forward to working collaboratively to address these important matters.

Thank you again for your support and guidance.

Sincerely,

Dr. Alissa Case, School Leader
Manny Duerson, Board Chair
Jacks Howard, Board Vice Chair
Basil Shadid, Board Treasurer
Sara Hurley, Parent Board Member
Helen dos Santos, Parent Board Member
Brynne Macosko Paguyo, Teacher Board Member
Kaarunya Jayachandiran, Teacher Board Member





**NOTICE OF DEFICIENCY - INTERVENTION LEVEL TWO
VOA-MN Response to SFCS Response dated April 15, 2025**

April 21, 2025

School Board Membership
Dr. Alissa Case, School Leader
Southside Family Charter School
4500 Clinton Avenue S
Minneapolis, MN 55419

TRANSMITTED VIA ELECTRONIC MAIL

Dear Board Members & Dr. Case:

Thank you for your attention to the concerns outlined in the Volunteers of America – Minnesota (VOA-MN) NOTICE OF DEFICIENCY - INTERVENTION LEVEL TWO dated February 20, 2025 and our response to the school dated April 2, 2025. The authorizer reviewed the school’s response dated April 15, 2025 and is requesting clarification and information related to concern number three. The following is a table outlining the concerns, VOA-MN response to the school, and next steps.

Area of Concern	VOA-MN Response to School	Next Steps
<p>CONCERN NUMBER ONE: The school’s financial audit contains findings.</p> <p>The SFCS FY24 financial audit contained five findings including legal compliance and other internal control findings considered to be significant deficiencies. The school has consistently received similar findings dating back to FY20. These numerous findings are concerning and indicative of fiscal weaknesses throughout the school’s management procedures and practices.</p>	<p>The school’s response is satisfactory to VOA-MN.</p> <p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • SFCS authorized bank signatories have been updated. • The board and school leadership have now been trained on the requirement that large donations require board approval. • Timely bank reconciliations, lack of supporting documentation, and time period for payment are all things that the school leadership and finance team at Creative Planning are working closely on together to continually improve SFCS processes requiring board approval. 	<p>VOA-MN will continue to monitor improvements and re-evaluate the extent to which SFCS is meeting standard after the FY25 audit is complete.</p>
<p>CONCERN NUMBER TWO: The school has been late on vendor payments in FY25 due to its financial position.</p>	<p>The school’s response is satisfactory to VOA-MN.</p>	<p>VOA-MN will monitor this throughout the rest of this and next year.</p>
<p>CONCERN NUMBER THREE: The school is not maintaining a balanced</p>	<p>The school’s response is not satisfactory to VOA-MN.</p>	<p>SFCS response is needed.</p>

<p>budget or meeting enrollment goals set by the board.</p> <p>The original school FY25 budget was based on 130 ADM and projects a deficit of \$127,647. Enrollment as of December 2024 is 122 ADM.</p>	<p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • SFCS has moved forward with revising their enrollment and recruitment plans to create enrollment stability. • The board has begun developing a 5-year enrollment plan to create long-term sustainability. • Comment: The school’s response addresses the FY25 and FY26 budgets but not a long-term budget. In addition, the response does not address timing for budget approvals. <ul style="list-style-type: none"> ○ Request: Please provide a long-term budget and advise when the FY25 budget revision, long-range budget, and Recruitment Plan will be reviewed and approved by the board. 							
<p>CONCERN NUMBER FOUR: The school’s General Fund balance has decreased over the past three years.</p> <p>The school’s General Fund balance has decreased over the past three years as follows:</p> <table data-bbox="203 1081 479 1186"> <tr> <td>FY 2022</td> <td>19.1%</td> </tr> <tr> <td>FY 2023</td> <td>6.2%</td> </tr> <tr> <td>FY 2024</td> <td>2.2%</td> </tr> </table>	FY 2022	19.1%	FY 2023	6.2%	FY 2024	2.2%	<p>The school’s response is satisfactory to VOA-MN.</p> <p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • SFCS is dedicated to increasing student enrollment through their marketing plan and targeted student recruitment. They will reinforce the strengths of the school that set them apart in the competitive Minneapolis education landscape. These include focusing on social justice, critical thinking, small class sizes, and hands-on learning in a culturally rich environment. • SFCS is committed to addressing these concerns with urgency and is confident that a revised budget and comprehensive recruitment plan will support them in stabilizing the General Fund and fostering the long-term fiscal health of the school. • On April 14, 2025 the school received notice from the IRS that they should be receiving both of their ERC checks in the next two to three weeks totaling \$306,000 (\$167,000 and \$139,000 respectively). VOA-MN was notified by SFCS on 4/21/2025 that the checks have been received. This will give the school a large swing in the General Fund balance, moving the school to +9.9% fund balance by the end of 	<p>VOA-MN will continue monitoring this throughout the rest of this and next year.</p>
FY 2022	19.1%							
FY 2023	6.2%							
FY 2024	2.2%							

	FY25 and +16.3% by the end of FY26 if budget projections hold.	
<p>CONCERN NUMBER FIVE: The school is at risk of being in Statutory Operating Debt (SOD) at year end.</p> <p>In a meeting with the school leader in November 2024, the possibility of SOD at the end of FY25 was discussed. The VOA-MN representatives notes after this meeting state: <i>“The school will be in SOD after FY25 unless they get the approval of a restricted donation to be released and used in the General Fund, the ERC credit of approximately \$246K comes through, or they get approval to transfer \$150K from the Women’s Foundation of MN.”</i></p>	<p>The school’s response is satisfactory to VOA-MN.</p> <p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • The [SFCS] working budget does not include the Women’s Fund account which sits at approximately \$150,000. SFCS plans on accessing this money as necessary to ensure timely payments to our vendors and support adjustments in state payments. SFCS is also underspending in every possible category to reduce the projected deficit for the year. • School leadership has worked with MDE on amendments to the Stronger Connections grant to allocate funds toward staffing that is related to grant goals. This reallocation of grant funds will reduce the deficit as well and support the school in staying out of SOD. • The receipt of ERC funds will move the school into a much healthier fund balance and support keeping the school out of SOD moving into future years. 	<p>VOA-MN will re-evaluate after the FY25 audit is complete.</p>

The school’s response is due on April 30, 2025. Please contact Rochel Perna if you have questions regarding the financial standards/requirements.

Sincerely,



Stephanie Olsen, Manager
VOA-MN Charter School Authorizing Program

CC: Rochel Perna, VOAMN Finance Analyst



NOTICE OF CONCERN - INTERVENTION LEVEL ONE

March 17, 2026

School Board Membership
 Kaarunya Jayachandiran, Teacher Advisor
 Brynne Macosko Paguyo, Teacher Advisor
 Southside Family Charter School
 4500 Clinton Avenue S
 Minneapolis, MN 55419

TRANSMITTED VIA ELECTRONIC MAIL

Dear Board Members and Teacher Advisors:

Thank you for your attention to the concerns outlined in the Volunteers of America – Minnesota (VOA-MN) NOTICE OF DEFICIENCY - INTERVENTION LEVEL TWO dated February 20, 2025 and our response to the school dated April 2, 2025. The authorizer reviewed the school’s response dated April 15, 2025 and received clarification and information related to concern number three. The following is an updated table outlining the concerns, VOA-MN response to the school, and next steps. **Because the school has demonstrated progress on several of our concerns, authorizer VOA-MN has moved the school out of Intervention Level II and into Intervention Level I.**

Area of Concern	VOA-MN Response to School	Next Steps
<p>CONCERN NUMBER ONE: The school’s financial audit contains findings.</p> <p>The SFCS FY24 financial audit contained five findings including legal compliance and other internal control findings considered to be significant deficiencies. The school has consistently received similar findings dating back to FY20. These numerous findings are concerning and indicative of fiscal weaknesses throughout the school’s management procedures and practices.</p>	<p>The school’s response is satisfactory to VOA-MN for FY24. A SFCS response is needed to address FY25.</p> <p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • SFCS authorized bank signatories have been updated. • The board and school leadership have now been trained on the requirement that large donations require board approval. • Timely bank reconciliations, lack of supporting documentation, and time period for payment are all things that the school leadership and finance team at Creative Planning are working closely on together to continually improve SFCS processes requiring board approval. 	<p>VOA-MN reviewed the SFCS FY25 financial audit and it contained two legal compliance findings; Time Period for Payment and Insufficient Collateral Coverage. VOA-MN will continue to monitor improvements and re-evaluate the extent to which SFCS is meeting standard after the FY26 audit is complete.</p>
<p>CONCERN NUMBER TWO: The school has been late on vendor payments in FY25 due to its financial position.</p>	<p>The school’s response is satisfactory to VOA-MN.</p>	<p>VOA-MN will continue monitoring this throughout FY26.</p>

<p>CONCERN NUMBER THREE: The school is not maintaining a balanced budget or meeting enrollment goals set by the board.</p> <p>The original school FY25 budget was based on 130 ADM and projects a deficit of \$127,647. Enrollment as of December 2024 is 122 ADM.</p>	<p>The school’s response is satisfactory to VOA-MN.</p> <p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • SFCS has moved developed a recruitment plans to create enrollment stability. • The school has developed a 5-year enrollment plan to create long-term sustainability. 	<p>The school’s original FY26 budget was based on 52 ADM but the working budget as of January 2026 is based on 26 ADM, half of what was projected. While this is very concerning, the school received state declining enrollment revenue and unplanned donations that offsets the large decrease and is projecting a small surplus for FY 2026. The school should work on student recruitment for FY27. VOA-MN will continue monitoring this throughout FY26.</p>						
<p>CONCERN NUMBER FOUR: The school’s General Fund balance has decreased over the past three years.</p> <p>The school’s General Fund balance has decreased over the past three years as follows:</p> <table data-bbox="203 1207 381 1312"> <tr> <td>FY22</td> <td>19.1%</td> </tr> <tr> <td>FY23</td> <td>6.8%</td> </tr> <tr> <td>FY24</td> <td>6.1%</td> </tr> </table>	FY22	19.1%	FY23	6.8%	FY24	6.1%	<p>The school’s response is satisfactory to VOA-MN.</p> <p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • SFCS is dedicated to increasing student enrollment through their marketing plan and targeted student recruitment. They will reinforce the strengths of the school that set them apart in the competitive Minneapolis education landscape. These include focusing on social justice, critical thinking, small class sizes, and hands-on learning in a culturally rich environment. • SFCS is committed to addressing these concerns with urgency and is confident that a revised budget and comprehensive recruitment plan will support them in stabilizing the General Fund and fostering the long-term fiscal health of the school. • On April 14, 2025 the school received notice from the IRS that they should be receiving both of their ERC checks in the next two to three weeks totaling \$306,000 (\$167,000 and \$139,000 respectively). VOA-MN was notified by SFCS on 4/21/2025 that the checks have been received. This will give the 	<p>The school’s FY25 General Fund balance increased to 20.1% which meets the school’s goal of 19% and VOA-MN’s standard of 20%. The steep increase was due mainly to a large federal Employee Retention Credit received by the school. In addition, the school’s projected FY26 General Fund balance is 41%. While this is a healthy trajectory, VOA-MN will continue monitoring this throughout FY26 due to the drastically lower than expected enrollment numbers (see Concern Number Three).</p>
FY22	19.1%							
FY23	6.8%							
FY24	6.1%							

	<p>school a large swing in the General Fund balance, moving the school to +9.9% fund balance by the end of FY25 and +16.3% by the end of FY26 if budget projections hold.</p>	
<p>CONCERN NUMBER FIVE: The school is at risk of being in Statutory Operating Debt (SOD) at year end.</p> <p>In a meeting with the school leader in November 2024, the possibility of SOD at the end of FY25 was discussed. The VOA-MN representative notes after this meeting state: <i>“The school will be in SOD after FY25 unless they get the approval of a restricted donation to be released and used in the General Fund, the ERC credit of approximately \$246K comes through, or they get approval to transfer \$150K from the Women’s Foundation of MN.”</i></p>	<p>The school’s response is satisfactory to VOA-MN.</p> <p>SFCS Response Highlights:</p> <ul style="list-style-type: none"> • The [SFCS] working budget does not include the Women’s Fund account which sits at approximately \$150,000. SFCS plans on accessing this money as necessary to ensure timely payments to our vendors and support adjustments in state payments. SFCS is also underspending in every possible category to reduce the projected deficit for the year. • School leadership has worked with MDE on amendments to the Stronger Connections grant to allocate funds toward staffing that is related to grant goals. This reallocation of grant funds will reduce the deficit as well and support the school in staying out of SOD. • SFCS received ERC funds that placed the school into a much healthier fund balance situation avoiding SOD for FY25. 	<p>The school is no longer at risk of being in SOD. VOA-MN will continue monitoring this throughout FY26.</p>

No follow-up response is currently needed from the school. If the school can sufficiently address the remaining areas of concern outlined above through the remainder of FY26 and beginning of FY27, the school will no longer be in intervention. Please continue the dedication to improvement.

Sincerely,



Stephanie Olsen, Manager
VOA-MN Charter School Authorizing Program

CC: Rochel Perna, VOAMN Finance Analyst