

Renewal Schools: Updated Financial Review February 2025

*Monitoring and Compliance Updates
NCDPI Office of School Business*

What Is Reviewed:

- Indicators of Financial Distress
 - Declining ADM
 - Declining Revenue
 - Expenditures being greater than Revenues
 - Low General Fund (unassigned) Fund Balance
 - Low Cash Balance (days of operating cash on hand)
 - Significant shifts in the numbers / trend analysis
 - Audit Findings
- Goal
 - Identify Concerns Early
 - Take Corrective Action Early

Renewal Schools Updated from January 2025

Renewal Schools identified as a Fiscal Concern

Schools for Follow Up From January Charter Review Board Meeting:

- Audit Received – No fiscal concerns identified at this time
 - 93V Doral Academy
 - 07A Washington Montessori (*not received as of 01/23/25*) – draft FS and prior reports would not indicate fiscal concerns at this time.
- Audit Received – Fiscal Concerns Indicated:
 - 61J Lakeside Charter – Facility Agreement updated; Audit report revised; New Facility agreement : rent equals 25% of revenue
 - 61K United Community – Reasonable response, DPI will follow up in to ensure implementation, to date financials vs budget
 - 61T Movement Academy – Six Audit Observations
- Missing Audit Report:
 - 32C Community School of Digital & Visual Arts (draft of FY23 Financials received but not final audit with compliance section – still being worked on. FY24 not received and will be started after FY23 is completed).

Financial Analysis: 93V

Doral Academy of North Carolina

Financial Noncompliance Status: N/A

ADM:

FY	Month 1 ADM	% Change
24	420	29%
23	326	69%
22	192	

Unassigned Fund Balance:

FY24: \$1,187,376

FY23: \$ 461,864

FY22: \$ 354,096

- Concerns
 - Late Audit Report
 - Received: 1/13/25
- Following Receipt of Audit – No Indicated Fiscal Concerns

Financial Analysis: 07A Washington Montessori

Financial Noncompliance Status: N/A

ADM:

FY	Month 1 ADM	% Change
24	413	2%
23	404	
22	403	-5%

Unassigned Fund Balance:

FY24: no audit report

FY23: \$1,360,176

FY22: \$1,204,774

- Concerns

- No Audit Report
- SBS talked to audit co. 01/30; they are very close and will send a draft when ready.
- Prior reports does not indicate concerns or material findings.

Financial Analysis: 61J Lakeside Charter Academy

Financial Noncompliance Status: Red Flag

ADM:

FY	Month 1 ADM	% Change
24	281	18%
23	239	10%
22	219	3%

Unassigned Fund Balance:

FY24: \$483,468

FY23: \$747,212

FY22: \$356,509

FY25 State Allotment: \$2,120,895

- Concerns
 - Current Ratio of .75
 - Expenses exceed revenue for three of the past four years.
 - Prior facility agreement had an underpayment carry forward
- Update:
 - Updated Facility Agreement
 - Change from lease to rental
 - Cancelled underpayment carryforward
 - **Revised Audit Report**
 - **Fiscal Concerns Reduced**
 - FY24 Expense Overrun explained and documented – one-time items
 - **Follow up Monitoring Indicated**

Financial Analysis: 61K United Community School

Financial Noncompliance Status: n/a

ADM:

FY	Month 1 ADM	% Change
24	247	
23	249	-3%
22	257	-2%

FY24: \$168,453

FY23: \$631,421

FY22: \$538,750

- Concerns
 - Default of SBA loan - Corrected
 - Expenses exceed revenue
 - Reduced Fund Balance – In part due to unsuccessful land acquisition
 - School responded with Corrective Actions on 11/25/24
- Response:
 - Budget and Actions are reasonable
 - Summary on next page
 - YTD deficit \$36,345
 - **Follow Up Monitoring Indicated**

Financial Analysis: 61K United Community School

Summary of Follow Up Response

- Concerns
 - Were in default of SBA loan
 - Expenses exceed revenue by \$443,000 FY24
 - Reduced Fund Balance
- School Response
 - School responded with Corrective Actions on 11/25/24
 - Response: Budget and Actions are reasonable
 - Fund balance decline in part due to unsuccessful land acquisition
 - Summary on next page
 - Follow Up Monitoring Indicated until next audit cycle is closed

Financial Analysis:

61K United Community School

Summary of revised FY25 Budget

	FY25 Budget	FY24 Actual
• Revenue Total:	\$3,010,852	\$2,899,461
○ Federal	\$ 126,688	\$ 143,416
○ Local	\$ 870,104	\$ 813,998
○ State	\$2,014,060	\$1,942,047
○ To Date FY25	\$1,615,034	
• Expenses Total:	\$2,880,322	\$3,342,918
○ To Date FY25:	\$1,652,034	
• Difference	\$ 130,530	\$ (443,457)
○ To Date FY25:	\$ (36,345)	

Financial Analysis: 61T Movement Freedom

Financial Noncompliance Status: N/A

ADM:

FY	Month 1 ADM	% Change
24	750	14%
23	656	4%
22	631	11%

FY24: \$1,580,166

FY23: \$1,008,000

FY22: \$1,269,000

- Concerns
 - Late Audit Report Received
 - Six Audit Findings
 - High number
 - See next page for summary
- Following Receipt of Audit – **Fiscal Concerns around controls**
- **Follow Up Monitoring Indicated**

Financial Analysis: 61T Movement Freedom

Financial Noncompliance Status: N/A

- Audit Findings:
 - Incorrect Classifications of expense by year
 - Employee payments not in compliance with their contracts
 - Teachers for children with disabilities not licensed
 - EC children did not have signed parental permission
 - Minimum of 50% of certified teachers not met
 - Account Coding for teachers incorrect.

**Can we address any
Questions?**



North Carolina Department of

PUBLIC INSTRUCTION

Financial Analysis: 32C

Community School of Digital & Visual Art

Financial Noncompliance Status: N/A

(Non-Renewal Appeal Pending – No Audit Rpts)

ADM:

FY	Month 1 ADM	% Change
24	177	-19%
23	218	-2%
22	223	4%

Unassigned Fund Balance:

FY24: no audit report

FY23: \$228,126 (draft FS only)

FY22: \$545,761

- Financial Noncompliance Status:
 - Disciplinary (late audit report)
 - Red Flag Concern
- Concerns
 - Declining ADM
 - Declining Fund Balance
 - Declining Revenue
 - Expenses Exceed Revenue for 3 years
 - Audit Firm (Sharpe Patel) advises FY23 almost complete, then will address FY24