

Treasurer Financial Report

May 13, 2019

Nathan Alley, Lincoln Academy Board Treasurer

*Finance Committee: (Staff) Janelle Johnson, Cindie Poulter,
Larisa Rogers, Jeanne Coyle*

(Parents) Jeff Baucum

Expense (2018-2019)

FIVE Major Expenses

1. Upgrades to Building C classrooms are needed in order to make the adjustments for next year. The following are all available “contingency” funds.
 - \$15k – Const Main/Rep (746000) For room repairs and changes
 - \$17k – Instructional Equip (820001) For classroom furniture
 - \$5,700 – Text Books (822000) VOTE to Re-Appropriate to (820001) 
2. Well water Spring Replacement– The following are the totals that have been spent on the well, or projected for this year.
 - \$5,257 – Contracted Services (731000) Paid to Vanir
 - \$6,600 – Legal Fees (721000) Paid Collins, Cockrel & Cole for Legal services
 - \$18,000 – Const Maint/Rep (746000) For Repair/Replacement of well
3. Curriculum Purchases from 5A funds, The Administration was able to make significant adjustments to the budget this year to purchase new materials. (See April Board minutes for further details)
 - \$203,025 Instructional Material (820000) – this is up from the initial budget of \$105,850. A change in budget of \$97,175.
4. Capital Projects (Expenses that will be capitalized at year-end)
 - \$9,856 – Const Main/Rep (746000) VOTE Fence replacement cost; move capital to Balance Sheet
 - \$22,000 – Risk Mgmt (731000) – Bldg B wooden deck replacement; VOTE to Re-Appropriate to Contracted Services (731000)
- CSDC Loan Pre-Payment
 - \$178,000 – Loan Principal (781000) Current budget for prepayment. VOTE The finance committee recommends an appropriation of an additional \$180,000 to make the 2018-2019 loan payment increase to \$358,000

CSDC Loan Details

- We are currently on target to pay off the loan in June, 2021, 9 months early, from March 2022. The lump sum payment will be approximately \$167,000.
 - We will have paid a total interest of \$161,590 over the life of the loan
- If we pay off an additional \$180,000 in principal this year, we will be able to pay off the loan in September of 2020, 19 months early. The lump sum will be \$68,444.38.
 - We will pay a total interest of \$132,076 over the life of the loan.
 - If we use this aggressive pay-down strategy, we intend on making an early payment to CSDC in September 2019 of the budgeted amount of \$178,000. This will effectively eliminate 9 months of interest on that amount, and we will make an early payment in September of 2020 of \$68k which will improve the cashflow for the 2020-2021 school year by \$10,959 per month.
- The 2018 - 2019 budget was approved to go into a negative margin of \$295,000. This strategy will effectively return the budget back to that amount of margin, subtracting the \$54,000 of adjustment for the unspent Sprinkler project that will go into the 2019 – 2020 budget year.
- This is very aggressive, but saving the school \$30,000 over the next sixteen months is a great conservative decision, and also saves the budget from servicing the loan through the 2020-2021 school year, which is a total of \$131,000 in available cashflows.

Income 2018 - 2019

- It appears that the State of CO found the money that they forgot to budget, which would have cost Lincoln Academy \$25,000 in lost revenue for this year
- There are no other major adjustments to revenues for this school year.

Statement

It is my opinion that Lincoln Academy is in a very good financial position regarding the 2018-2019 school year. We have the resource flexibility to plan for the next five to ten years of growth. Nevertheless, we must maintain a conservative financial outlook, as the school continues to face the season of dynamic growth in academics and in the Lincoln community.

With the several budget adjustments we discussed, I recommend:

1. To Re-Appropriate \$5,700 from Text Books (822000) to Instr Equip (820001) for classroom Furniture
2. To Re-Appropriate \$9,856 – Const Main/Rep (746000) as capital to the Balance sheet for fencing work done on the property
3. To Re-Appropriate as much as \$22,000 – Risk Mgmt (731000) to Contracted Services (731000) in order to mitigate the deterioration of the Bldg B wooden deck.
4. To appropriate an additional \$180,000 of savings toward the CSDC Loan pre-payment, increasing the total payment this year to \$358,000.