

Career Academy of South Bend, Inc.
Minutes of Meeting of Board of Directors
June 17, 2013

Directors Present: Larry Garatoni, Tracy Graham, Bruce Greenberg, James Summers,
Suzanne Wiwi
On Phone: Steve Hartz
Absent: Rob Staley, Vivian Sallie
Staff attending: Yolanda Turner-Smith, Ken Horvath, Charles Loeser

A meeting of the Board of Directors of the South Bend Career Academy was held at the school, 3801 Crescent Circle, South Bend, beginning at 7:04 am on June 17, 2013.

A. Approval of Minutes: The minutes of the prior (May 20) meeting were approved.

B. Authorization Of Submission To Leighton Foundation. Charles asked for board approval of the school's submission of a grant application to the Leighton Foundation for its "Award For Nonprofit Excellence" program. The board approved the submission of the application.

C. Financial Review. Ken presented the April financial statement and bank account detail for May 12 through June 7. There was nothing unusual. Bruce asked about IT support. Ken explained the school is getting a bargain from Curt Feece (Integration Group), who provides a more-or-less full time on-site IT consultant at \$37.50/hour, which is below his cost and is a form of contribution to the school. Ken commented the school is also receiving an in-kind contribution from WUBU, which provides discounted & sometimes free advertising. The bank detail report was approved.

Tracy interjected to say he believes there may be potential for some free advertising from Schurz Communications, which owns the South Bend Tribune, under a pilot program Schurz plans to begin; this is a follow-up item for Tracy to meet with Yolanda.

Going to the financial statement/forecast, Ken explained that the Common School Loan was forgiven in early June, which for accounting purposes produced "income" for the forgiven debt (roughly 1.358M), causing the net result for the fiscal year ending 6/30/2013 to be a profit of roughly 1.2M, whereas the budget had forecast a loss of roughly \$272,000. Ken noted there will be some adjustments to past statements & changes in the format of future financial statements based on input from the auditors (Fitzgerald & Issac, the firm recommended by BSU). In particular, receipts from the City of South Bend TIF grant will be treated as income (a receivable will be booked for the future payments due). The April financial statement was approved.

D. Budget For 2013-14. Ken presented the proposed 2013-14 budget as approved by the finance committee (Bruce, Tracy and Larry). A key factor is that as of July, the school will

begin receiving tuition payments based on its estimated September enrollment (there will be a true-up after the Count Day in September). Payments will initially be made based on the estimated basic tuition rate of \$6,048 per student per year, but that amount may change. The forecast assumes a steady enrollment throughout the year, but typically schools lose enrollment as the year progresses. The budget assumes raises of 2.5% for teachers (but not for management) as of July 1, with an opportunity for a \$4,000/year bonus. The budget assumes borrowing an additional \$550,000 from Larry. It does not project public donations other than grants already approved (such as First Source). It reflects addition of two buses and a sign, although the decision to buy buses has not been finalized. It reflects a \$120,000 contingency factor/expense and is based on target enrollment at 22.4 students per class. After discussion, the proposed budget was approved.

E. Relationship With The Crossing. Larry explained there is a substantial possibility that South Bend Community Schools will not renew its contract with The Crossing for the 2013-14 school year, in which case The Crossing will probably want to have more students enrolled at SBCA. It can be expected that doing this will have a negative impact on the "grade" that the IDOE assigns to SBCA based on student test data, but Larry believes SBCA should be willing to do this anyway: doing this is an important way to help young people, which is what SBCA should care most about, and it seems likely that anyone looking into this carefully will be able to tell the difference between SBCA's operations and the data effect of students attending The Crossing. Larry's proposal is that SBCA agree (subject to an appropriate contract which the board will review at a future meeting) to enroll as many students as The Crossing requests. Bruce suggested that it should be made clear to Rob that this commitment is for one year only, to be reviewed next spring. A motion to such effect was approved.

The meeting was adjourned at 9:00 am.

Charles M. Loeser, Assistant Secretary