

THE FOUNDERS ACADEMY

AGREED-UPON PROCEDURES REPORT

PERIOD ENDED DECEMBER 31, 2017  
BUDGET FISCAL YEAR ENDED JUNE 30, 2018

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**NATHAN WECHSLER & COMPANY**  
**PROFESSIONAL ASSOCIATION**  
**CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS**

***INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES***

To the Board of Trustees:

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees of The Founders Academy and management, for the period July 1, 2017 to December 31, 2017 on financial results, budgeting and controls. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

We have performed agreed-upon-procedures, which you have specified as listed in the enclosed Schedule of Agreed-Up Procedures. This engagement is solely to assist the management and Board of Trustees with budgeting and reporting for the period July 1, 2017 to December 31, 2017.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and management of The Founders Academy and is not intended to be and should not be used by anyone other than those specified parties.

*Nathan Wechsler & Company*

Concord, New Hampshire  
January 11, 2018

**Schedule of Agreed-Upon Procedures:**

- 1) Detailed read through of management prepared financial statements for the period July 1, 2017 through December 31, 2017 to identify possible financial statement adjustments to properly classify or record transactions in accordance with generally accepted accounting principles and the budget of the Academy.
- 2) Development of a periodic reporting dashboard to include budget to actual information and variance explanations that can be used by management for internal and external reporting.
- 3) Provide a copy of the developed dashboard from procedure #2 with the current period actual results (July 1, 2017 through December 31, 2017). For this period only a detailed budget to actual listing for budget line items regarding salaries will also be included.
- 4) Compile and provide a three year financial comparison statement to better show current year financial results as compared to previous years. This will also include management explanations for large fluctuations and changes.
- 5) Analysis of internal controls, process, procedures and policies particularly as they relate to expenditures and salaries.

# FOUNDERS ACADEMY & FOUNDATION

Period ended December 31, 2017

## 1) Financial statement adjustment procedures and results:

We received a copy of the trial balance and general ledger detail for the period July 1, 2017 through December 31, 2017 and read through the reports in detail. Based on the detailed reading and our knowledge of the client and accounts, questions on account balances and activity were generated and discussed with management. Certain accounts were also tied to supporting documentation and detail as deemed necessary. Below is a copy of the adjusted trial balance with workpaper references next to the balances that were tested in detail during our procedures. Also included is a detailed copy of the adjusting entries that were performed as a result of these procedures.

Client: <b>The Founders Academy</b>						
Period Ending: <b>12/31/2017</b>						
Account	Description	UNADJ 12/31/2017	JE Ref #	AJE	FINAL 12/31/2017	< WPrep
100302	Software	139.95		(139.95)	0.00	
			AJE - 1	(139.95)		
100306	Primary Checking Acct	470,413.77			470,413.77	3200.05
100307	Student Activities	0.00			0.00	3200.06
100308	Payroll	3,037.45			3,037.45	3200.07
101000	Equipment	32,903.12		(1,176.36)	31,726.76	3200.15
			AJE - 2	(1,176.36)		
101002	Computer and Software	127,426.61			127,426.61	3200.15
101003	Computer and Software Depreciation	(58,076.48)		(12,724.36)	(70,800.84)	3200.15
			AJE - 3	(12,724.36)		
101004	Furniture	70,385.52			70,385.52	3200.15
101005	Building Improvements	62,500.00		11,605.00	74,105.00	3200.15
			AJE - 5	11,605.00		
101006	Books and Materials	8,170.93			8,170.93	3200.15
101007	Equipment Depreciation	(15,933.62)		(3,426.01)	(19,359.63)	3200.15
			AJE - 3	(3,426.01)		
101008	Furniture Depreciation	(23,921.54)		(5,027.53)	(28,949.07)	3200.15
			AJE - 3	(5,027.53)		
101009	Books and Materials Depreciation	(4,853.83)		(535.08)	(5,388.91)	3200.15
			AJE - 3	(535.08)		
101010	Building Improvements Depreciation	(1,450.42)		(913.56)	(2,363.98)	3200.15
			AJE - 3	(913.56)		
1100.002	CPR Training	1,333.75			1,333.75	
1100.100	Salaries- Instructional	467,560.92			467,560.92	
1100.101	Summer Camp Salaries	3,886.02			3,886.02	
1100.113	Professional Development	1,168.00			1,168.00	
1100.211	Health Insurance (Employer)	17,820.18			17,820.18	
1100.239	Empl Retirement Contribution - Instructional	581.09			581.09	
1100.250	Fed SocSec-ER- Instructional	35,793.85			35,793.85	
1100.251	Fed Medicare-ER - Instructional	8,371.33			8,371.33	
1100.252	Fed FUTA - Instructional	454.86			454.86	
1100.254	Taxes Employee Portion - Instructional	102,238.93			102,238.93	
1100.256	Unemployment Payments	213.53			213.53	
1100.260	Workers Compensation - Instructional	4,437.67			4,437.67	
1100.300	Purchased Services	1,499.00			1,499.00	
1100.593	Music Program Activities	30.00			30.00	
1100.610	Instructional Supplies	174.00			174.00	
1100.611	Band & Chorus Supplies	1,333.72			1,333.72	
1100.612	Supplies Science	1,733.50			1,733.50	
1100.613	Art Supplies	3,029.24			3,029.24	
1100.614	Supplies Lang Arts	5.00			5.00	
1100.615	Supplies Math	126.48			126.48	

# FOUNDERS ACADEMY & FOUNDATION

Period ended December 31, 2017

1100.616	Supplies History	80.00			80.00	
1100.640	Books and Printed Matter	0.00			0.00	
1100.641	Text Books/Core Program Materials	189.25			189.25	
1100.734	Computer Equipment	344.90		1,092.31	1,437.21	
			AJE - 1	139.95		
			AJE - 2	952.36		
1100.739	Employee Health Ins Contribution	15,176.89			15,176.89	
1100003	Copier	1,046.85			1,046.85	
1110.300	Contracted IT Services	3,157.50			3,157.50	
1110.610	Supplies	79.00			79.00	
180000	Prepaid Insurance	10,905.43			10,905.43	3200.10
200100	AP - Vendors	(10,302.66)			(10,302.66)	3250.05
200999	Deferred Revenue	(5,175.00)		5,175.00	0.00	
			AJE - 4	5,175.00		
202200	Reserves & Surplus	(427,873.00)			(427,873.00)	PY
2100.100	Salary Student Services	51,821.82			51,821.82	
2100.214	Workers Compensation-Student Services	486.32			486.32	
2100.250	Fed SocSec-ER	3,864.16			3,864.16	
2100.251	Fed Medicare-ER	903.69			903.69	
2100.252	Fed FUTA	42.00			42.00	
2100.253	Student Services Taxes Employee Portion	10,503.24			10,503.24	
2100.254	Para Professional Salaries	8,223.63			8,223.63	
2100.255	Fed SocSec- Para Prof	576.46			576.46	
2100.256	Fed Medicare - Para Prof	134.81			134.81	
2100.257	Fed FUTA - Para Prof	53.44			53.44	
2100.258	Taxes Employee Portion - Para Prof	1,074.12			1,074.12	
2100.259	Workers Compensation - Para Prof	60.79			60.79	
2130.610	Supplies	86.07			86.07	
2222002	Library Subscriptions	395.00			395.00	
2400.003	Depreciation	0.00		22,626.54	22,626.54	
			AJE - 3	22,626.54		
2400.100	Administration Salaries	73,574.83			73,574.83	
2400.200	Support Staff Salaries	42,217.43			42,217.43	
2400.202	Contracted Positions	12,310.00			12,310.00	
2400.205	Support Staff Fed SocSec-ER	3,401.07			3,401.07	
2400.206	Support Staff Fed Medicare-ER	795.46			795.46	
2400.207	Support Staff FUTA	41.99			41.99	
2400.208	Support Staff Employee Health Ins Contribution	845.13			845.13	
2400.209	Support Staff Taxes Employee Portion	9,766.96			9,766.96	
2400.211	Health Insurance Support Staff (Employer)	819.52			819.52	
2400.212	Workers Compensation - Support Staff	425.53			425.53	
2400.214	Workers Compensation	668.69			668.69	
2400.215	Support Staff Employee Retirement Contribution	2,869.59			2,869.59	
2400.250	Fed SocSec-ER - Admin	5,951.22			5,951.22	
2400.251	Fed Medicare-ER - Admin	1,391.83			1,391.83	
2400.252	Fed FUTA - Admin	41.99			41.99	
2400.255	Taxes Employee Portion - Admin	18,238.26			18,238.26	
2400.257	Health Insurance -Admin (Employer)	273.47			273.47	
2400.258	Health Insurance Employee Contribution - Admin	1,916.53			1,916.53	
2400.449	Copier	1,490.00			1,490.00	
2400.534	Postage	1,846.72			1,846.72	
2400.610	Supplies	638.17		224.00	862.17	
			AJE - 2	224.00		
2400.643	Software Lic. Fee's	6,813.97			6,813.97	
2400.810	Dues & Fees	75.00			75.00	
2600.520	Comm/Prop Liab 153	7,707.28			7,707.28	
2600.521	Commercial Umbrella	1,467.62			1,467.62	
2600002	School Website	1,440.00			1,440.00	

# FOUNDERS ACADEMY & FOUNDATION

Period ended December 31, 2017

2610.117	Custodial, contracted	30,925.30		30,925.30
2620.411	Water and Sewer	2,391.95		2,391.95
2620.421	Disposal Service	4,422.94		4,422.94
2620.430	Upkeep Building and Grounds	4,569.00		4,569.00
2620.440	Rent	46,362.50		46,362.50
2620.520	Property Liability Insurance	124.00		124.00
2620.530	Telephone service	950.00		950.00
2620.532	Data Communications	9,331.12		9,331.12
2620.622	Electricity	32,639.51		32,639.51
2620.623	Electrical Repair/Maint	11,605.00	(11,605.00)	0.00
			AJE - 5 (11,605.00)	
2620.624	Heating Gas	4,902.31		4,902.31
2620.625	Landscaping	520.00		520.00
2700.003	NYC Field Trip	1,512.00		1,512.00
2700.004	Leadership Conference Fieldtrip	125.00		125.00
2700.005	Christmas Carol Field Trip	1,427.00		1,427.00
2700.006	Coco Field Trip	981.38		981.38
2700.510	Busing/insurance/maintenance	3,612.50		3,612.50
2725.519	Field Trips	300.00		300.00
300001	State Revenue	(1,337,250.09)		(1,337,250.09)
300004	Annual Fund	(4,340.61)		(4,340.61)
300008	Other Revenue	(4.13)		(4.13)
300012	After School Activities	(65.25)		(65.25)
300013	Summer School	(3,770.00)	(5,175.00)	(8,945.00)
			AJE - 4 (5,175.00)	
300026	NYC Field Trips	(1,512.00)		(1,512.00)
300027	Bus Tickets	(1,196.25)		(1,196.25)
300029	Field Trips	(300.00)		(300.00)
300030	Music Program Activities	(30.00)		(30.00)
300031	Testing/Assessments	(192.00)		(192.00)
300032	Christmas Carol Field Trip	(1,963.00)		(1,963.00)
300033	Coco Field Trip	(972.00)		(972.00)
300034	Spanish Field Trip	(36.00)		(36.00)
300100	Donations Unrestricted	(1,070.38)		(1,070.38)
300101	Chorus Supporter Donation	(75.00)		(75.00)
4000.400	Building Readiness/Repairs	8,706.24		8,706.24
4000.401	HVAC Maintenance Contract	2,194.50		2,194.50
4000.402	Security System	360.00		360.00
4000.403	IT Maintenance Contract	4,402.50		4,402.50
4000.405	Fire Testing	1,032.50		1,032.50
9300.001	Drama	(1,604.50)		(1,604.50)
9300.002	Band & Chorus	(675.00)		(675.00)
9300.003	Dance	(815.00)		(815.00)
9300.006	School Fundraiser	(1,307.21)		(1,307.21)
9300.008	School Store	(4,671.39)		(4,671.39)
9300.013	Great East	(472.95)		(472.95)
9300.022	Chorus Activities	(2,563.11)		(2,563.11)
9300.023	School Lunch Fundraiser	(2,938.00)		(2,938.00)
9300.024	Raffle Ticket Fundraiser	(11,245.00)		(11,245.00)
9800.007	School Store	2,574.12		2,574.12
9800.019	Mathcounts Club	360.00		360.00
98002008	First Tech	500.00		500.00
98002010	Drama	1,069.56		1,069.56
98002011	Choral Activities	1,578.23		1,578.23
98002012	Ocean Club	5.00		5.00
98002013	Band and Chorus	457.59		457.59
98002014	School Lunch Fundraiser	2,037.27		2,037.27
98002015	Craftshow Fundraiser	100.00		100.00
98002016	Dance Club	491.90		491.90
98002017	School Fundraiser Donation	520.97		520.97
98002018	Raffle Ticket Fundraiser	2,850.00		2,850.00
9901.003	ADP Service Fee	4,004.42		4,004.42
9901.008	MCSB Interest	2,775.17		2,775.17
9901002	Other Expenses	931.89		931.89
<b>Total</b>			<b>0.00</b>	<b>0.00</b>

# FOUNDERS ACADEMY & FOUNDATION

Period ended December 31, 2017

Client: <b>The Founders Academy</b>			
Period Ending: <b>12/31/2017</b>			
Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
To adjust expense amount that was recorded in an asset account.			
1100.734	Computer Equipment	139.95	
100302	Software		139.95
<b>Total</b>		<b>139.95</b>	<b>139.95</b>
<b>Adjusting Journal Entries JE # 2</b>			
To expense items not in accordance with the Academy's capitalization policy.			
1100.734	Computer Equipment	952.36	
2400.610	Supplies	224.00	
101000	Equipment		1,176.36
<b>Total</b>		<b>1,176.36</b>	<b>1,176.36</b>
<b>Adjusting Journal Entries JE # 3</b>			
To record depreciation for half the year.			
2400.003	Depreciation	22,626.54	
101003	Computer and Software Depreciation		12,724.36
101007	Equipment Depreciation		3,426.01
101008	Furniture Depreciation		5,027.53
101009	Books and Materials Depreciation		535.08
101010	Building Improvements Depreciation		913.56
<b>Total</b>		<b>22,626.54</b>	<b>22,626.54</b>
<b>Adjusting Journal Entries JE # 4</b>			
To record summer school deferred revenue from July.			
200999	Deferred Revenue	5,175.00	
300013	Summer School		5,175.00
<b>Total</b>		<b>5,175.00</b>	<b>5,175.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
To capitalize electrical work in accordance with the Academy's capitalization policy			
101005	Building Improvements	11,605.00	
2620.623	Electrical Repair/Maint		11,605.00
<b>Total</b>		<b>11,605.00</b>	<b>11,605.00</b>



**2) Board reporting dashboard procedures and results:**

After meeting with several stakeholders of the Academy a budget to actual reporting template was developed in order to assist management with their monthly reporting obligations. This template is currently a manual process for management to compile on a monthly basis but management will be working with us and the accounting software vendor to automate the process. See Attachment A for a template of what the report will look like. As with any management tool and template this is a working document that can and should be reviewed continually to ensure it is meeting user needs.

**3) Current year board reporting dashboard with detailed salary information and results:**

See Attachment B

**4) Three year financial statement comparison procedures and results:**

See Attachment C

**5) Internal control procedures and recommendations:**

We received a copy of the updated systems documentation which includes the procedures related to the accounting functions of cash disbursements, cash receipts, payroll and bank statement reconciliation and monthly close. These procedures and any changes made to these procedures since the previous financial statement audit (June 30, 2017) were analyzed for proper control and recommendations that could be made to strengthen the procedures.

**Systems documentation as of 12/31/17:**

Assistant Dean – Kim Lavallee

Dean – Maureen Mooney

Contracted Bookkeeper - Christine Nassiopoulos

Cash Disbursements

All purchases outside of the approved budget will receive prior approval by the Assistant Dean, Finance Committee and Dean. Any purchase over \$1,000 will be approved by the Assistant Dean and Dean. Some of these items have written pre-approval, items that don't have pre-approval are approved on a monthly basis with a retrospective review. All expenses for staff and faculty must have prior approval by the Assistant Dean for reimbursement. The expense will be provided when the request is made. Invoices are signed by the Dean or Chairman of the Board of Trustees on a monthly basis.

The invoices arrive by mail or email to the Assistant Dean or Dean. When the Dean receives an invoice, it is given to the Assistant Dean and bookkeeper for entry with all invoices and debit card transactions (i.e. books on Amazon). Only the bookkeeper, Assistant Dean and the Dean have access to the accounting software package. The Assistant Dean and bookkeeper review and pay the bills on a weekly basis. The checks are currently handwritten and recorded in the system and then provided to the Dean or Chairman of the Board of Trustees. The Dean or Chairman signs all checks

with supporting invoices and checks are put in the mail by the front desk. The invoices are returned to the business office for filing. The Amazon orders and other online orders are paid with a debit card. The Dean has the debit card and the Assistant Dean is given access to make supplies purchases as necessary. Several utility companies are paid by automatic withdrawal each month. A copy of the invoice is kept in the file and signed monthly by the Dean. All intercompany transactions are paid by check or bank transfer which is signed off by the Dean or Chairman of the Board of Trustees.

#### Cash Receipts

Currently all cash receipts from the Department of Education or Federal government are automatically deposited into the checking account. The federal grant billings are done on a monthly cycle, one month in arrears or as needed for reimbursement. The Assistant Dean gathers the expense information to put together the billing for the grant based on the month's expenditures. The Assistant Dean reviews the bank activity online and when the deposit comes in it is recorded in the general ledger and the confirmation from the NH Treasury is printed.

All cash and check deposits are received by a designated front desk staff member who deposits the items in a lock box which is secured to the wall and locked. The lockbox is monitored by the Assistant Dean and designated staff member. It is checked once a day and counted twice, with all supporting documentation by the Assistant Dean and a designated staff member. The second person counting may be different based on the funds and what they apply to. Typically funds remain in the sealed envelope they are received in until they are counted. When the funds are counted they are stamped or marked "for deposit only". The bookkeeper counts the funds for the third time prior to deposit. All deposit slips are initialed by the Asst. Dean and bookkeeper. A deposit slip is then prepared for the appropriate account. Deposits are made by the bookkeeper and each receipt is then returned to the Assistant Dean where it's compared to the online account and statement each month. All cash is locked in a drawer until the bookkeeper prepares the deposit. All checks are locked in a drawer and access is limited to the Dean, Asst. Dean and bookkeeper.

#### Payroll

Currently all workers are employees that are paid through ADP online on a bi-weekly basis. The funds needed for each payroll period are transferred from the operating checking account to the payroll account. The payroll detail is printed and kept with the corresponding bank statement and reconciliation. This packet is reviewed and signed off on monthly by the Dean. Reimbursements are paid from the primary checking account, not in ADP. These are initialed by the Assistant Dean or Dean.

#### Bank Statement Reconciliation and Monthly Close

All bank statements are reviewed by the Dean, signed and dated. The Dean and Assistant Dean have online access to the checking accounts and review the statements online. A signed, printed copy is kept with corresponding documentation and reconciliation. The statements will be reconciled by the bookkeeper. The Chairman of the Board of Trustees will review the monthly statements prior to the monthly board meeting. A reconciliation and check audit report is printed and provided with a copy of the statement and all expenses incurred during the statement

## FOUNDERS ACADEMY & FOUNDATION

Period ended December 31, 2017

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period listed on the statement. (The check audit report started in December, 2017) This package will be signed off by the Dean and Assistant Dean monthly.

At the board meetings the treasurer presents a financial statement (profit and loss) to the board.

### **Recommendations to further strengthen procedures and controls:**

#### Cash Disbursements

- Recommend preparing a check manifest/ check requirement report that includes detail related to each check run that is signed by both the Assistant Dean and Dean to formally evidence and record approvals of disbursements.
- Discontinue use of debit card and obtain a credit card in the name of the Academy for better protection of the bank account.

#### Cash Receipts

- Continue to focus on segregating control of cash prior to deposit and accounting recording function especially related to funds received at the front desk by systematically following procedures are designed. This is an inherent risk area.

#### Payroll

- Secondary review of major payroll changes should be performed comparing ADP payroll system with the budget, signed contracts, and employee withholdings each time a change is made to these items in the ADP system. This may be accomplished through the use of a change report from the system.
- Have employees sign, annually (or when changes are made), a deduction approval form for discretionary deductions for items such as health insurance that will be filed in their employee file. Also, include on this form a disclosure that the employee manages the 401k deduction directly through the ADP system and Founders is not responsible for this portion.

#### Bank Statement Reconciliation and Monthly Close

- Assistant Dean will now sign off on month end reconciliation items as detailed reviewer now that the bookkeeper position will be preparing these items.
- To further strengthen segregation of duties the Assistant Dean should no longer have edit access to the Rediker accounting system. The Assistant Dean may retain read only access so that they may review work of the Bookkeeper and also run reports from the system as necessary. To maintain continuity in an emergency situation the Dean will be given credentials for full systems access to the Rediker accounting system.
- Dean and Assistant Dean will access the online bank statement independently on a monthly basis and print their own copies of the bank statement to review. Each copy of the bank statement will be signed and included in the final monthly reconciliation packet.

Reporting

- The system of financial reporting to the finance committee and the board on a monthly basis should be formalized and enforced with follow-up from the board Chair.
- Develop a systematic budget and support process that includes finance committee and board review prior to approval and a process for revisions and approval of such revisions.
- A formal system to document board minutes, including any attachments or documents presented to the board prior to and during the meetings (and for e-mail votes) should be established. This process would include any financial items presented to the board including budget and salary approvals, monthly reporting, annual audited financial statements and the Form 990 tax return. The formal documentation of all such Board items should be publically posted on an organized forum such as the Academy's website.
- Policy and procedures should be established to document at what dollar amount budget or line item overruns should be approved and who should approve these items. Approvals for line items that are anticipated to be overrun can be made in advance and for unanticipated items that may cause a budget overrun, the overrun should be brought to the appointed approver(s) prior to the incurrence of the charge, even if it is done by e-mail.
- A formal response process should be implemented for external requests of financial information that has not already been made publicly available. The response process should include preparation, board chair review and documentation of final response. This will ensure accurate and relevant information is being released, with proper board approval, and also that the Academy is retaining an exact copy of what was disseminated for future reference.
- Pursuant to NH RSA 7:19-a pecuniary benefit transactions must approved by the Board of Trustees and publically disclosed annually. The Academy has complied with this requirement but should formalize the process and timing of documentation and disclosure of such transactions, including the Board review and approval.

# THE FOUNDERS ACADEMY

## Board Reporting Budget to Actual (TEMPLATE)

Period July 1, 20XX through December 31, 20XX

				Variance Favorable (Unfavorable) to to YTD	Notes on
	FYXX Budgeted (Revised)	YTD FYXX Budgeted (Revised)	Actual Amounts	Budgeted (Revised) Budgeted (Revised)	Variances
<b>REVENUES:</b>					
State per pupil aid	\$		\$	\$	(1)
Grants					
Contributions					(2)
Fundraising activities					
Student activities					(3)
Summer school					
Other miscellaneous income					
<i>Total income</i>	-	-	-	-	-
<b>EXPENDITURES:</b>					
Instructional					
Salaries					
Employee benefits					
Payroll taxes					(4)
Guidance					
Salaries					
Employee benefits					
Payroll taxes					
Support Staff					
Salaries					
Employee benefits					
Payroll taxes					
Administrative					

THE FOUNDERS ACADEMY

Board Reporting Budget to Actual (TEMPLATE)  
Period July 1, 20XX through December 31, 20XX

Salaries		
Employee benefits		
Payroll taxes		
Rent and occupancy		
Utilities		
Repairs and maintenance		
Supplies and textbooks		(5)
Equipment		
Professional development		
Professional fees		
Outside services		
Student activities		(6)
Depreciation expense		(3)
Other		
Total expenditures		
Change in fund net position	\$	

Explanation of variances:

- (1)
- (2)
- (3)
- (4)
- (5)
- (6)

# THE FOUNDERS ACADEMY

## Budget Revisions

Period July 1, 2017 through December 31, 2017

	FY18 Budgeted (Original)	FY18 Budgeted (Revised)	Revisions to budget	Notes on revisions
<b>REVENUES:</b>				
State per pupil aid	\$ 2,640,000	\$ 2,173,500	\$ (466,500)	(1)
Grants	12,000	51,000	39,000	(2)
Contributions	49,000	67,000	18,000	(3)
Fundraising activities	20,000	20,000	-	
Student activities	-	-	-	
Summer school	10,000	9,000	(1,000)	
Other miscellaneous income	-	3,000	3,000	
<i>Total income</i>	<u>2,731,000</u>	<u>2,323,500</u>	<u>(407,500)</u>	
<b>EXPENDITURES:</b>				
Instructional				
Salaries	1,297,500	1,228,000	(69,500)	(4)
Employee benefits	110,000	38,000	(72,000)	
Payroll taxes	101,899	95,481	(6,418)	
Guidance				
Salaries	109,500	107,500	(2,000)	
Employee benefits	-	671	671	
Payroll taxes	7,916	9,700	1,784	
Support Staff				
Salaries	183,000	172,000	(11,000)	
Employee benefits	-	3,184	3,184	
Payroll taxes	14,320	11,250	(3,070)	
Administrative				
Salaries	190,500	196,500	6,000	
Employee benefits	-	7,530	7,530	
Payroll taxes	15,716	14,663	(1,053)	
Unallocated employee benefits	12,000	6,500	(5,500)	
Rent and occupancy	157,000	82,000	(75,000)	(5)
Utilities	86,200	96,200	10,000	(6)
Repairs and maintenance	85,860	49,360	(36,500)	(5) & (7)
Supplies and textbooks	21,250	20,745	(505)	
Equipment	34,000	16,900	(17,100)	(5) & (7)

## THE FOUNDERS ACADEMY

### Budget Revisions

Period July 1, 2017 through December 31, 2017

	FY18 Budgeted (Original)	FY18 Budgeted (Revised)	Revisions to budget	Notes on revisions
Professional development	2,250	3,750	1,500	
Professional fees	18,000	22,000	4,000	
Outside services	77,000	79,000	2,000	
Student activities	25,000	25,645	645	
Depreciation expense	-	-	-	(7)
Other	25,100	26,924	1,824	
<i>Total expenditures</i>	<u>2,574,011</u>	<u>2,313,503</u>	<u>(260,508)</u>	
<i>Change in fund net position</i>	<u>\$ 156,989</u>	<u>9,997</u>	<u>(146,992)</u>	

#### Explanation of variances:

- (1) Original budget was developed using enrollment of 400 students (the max per charter) actual enrollment was close to 315 students, this is reflected in the revised budget.
- (2) Original budget included \$12,000 for miscellaneous small corporate and foundation grants. Budget amounts were added for Title 1A and Title 2A funds available.
- (3) Allocation and expectation of annual fund and other contributions revised to be more accurate based on current progress on the annual fund and donor relations. More was allocated to individual donors from annual fund.
- (4) Originally budgeted salaries included full staffing and estimated salary levels for positions. Revised amounts are based on actual hiring. Employee benefits were originally budgeted based on estimated plan amounts and full enrollment. The revised budget amount is based on actual.
- (5) Original budget included a contribution to a reserve fund and funds for long-term, large building repairs. Given the lower than expected enrollment these amounts were removed from the budget and will be deferred with smaller repairs in the current year.
- (6) Electricity costs tracking higher than historical, budget increased to reflect increase in actual costs.
- (7) Some of the budgeted expenses were capitalized according to the School's adopted capitalization policy. The depreciation related to these assets was not considered in the School's budget.



# Founders Salary Proposal 2017-2018

3.28.2017

\*prepared by Founders' Management, presentation edits and  
budget variance columns made by NWC

Position	FT/PT	Proposed Salary	Dept. Chair/Dept. Vice Chair compensation 2017-2018	Stipend 2017-2018	Actual total salary (for hires) including Chair and Stipends updated through 12/31/17	Notes	Total proposed per the budget	Variance	Surplus (deficit) from budgeted salaries to actual
History Teacher 1	1	46,500	-	-	36,000	FT			
History Teacher 2	1	43,000	-	6,000	49,000	FT + 2			
History Teacher 3	1	40,000	-	3,000	43,000	FT + 1 class			
History Teacher 4	1	46,500	5,000	5,000	56,500	FT + Curr Coord. + 5000 Dept Chair			
History Department Total		176,000	5,000	14,000	184,500				
English Teacher 1	1	40,000	500	3,000	43,500	Vice Chair + 1 class			
English Teacher 2	1	40,500	-	3,000	43,500	FT + 1 Class			
English Teacher 3	1	39,500	-	6,000	45,500	FT + 2 classes			
English Teacher 4	1	34,000	-	3,000	37,000	FT + 1 class			
English Teacher 5	1	32,000	-	3,000	37,000	FT + 1 class, new teacher replaced exp. teacher +2000			
English Department Total		186,000	500	18,000	206,500				
Science Teacher 1	1	42,000	-	-	42,000	FT w/new Chemistry and elective			
Science Teacher 2	1	42,000	-	-	36,000	FT Biology & AP Bio Program, was .8 now FT			
Science Teacher 3	1	39,500	-	-	39,500	Science PE 6th grade and 4 Science classes			
Science Teacher 4	1	43,000	4,000	-	47,000	Dept Chair Math & Science, FT			
Science Teacher 5	0.8	40,000	-	-	-	FT new position -4000			
Science Department Totals		206,500	4,000	-	164,500				

Math Teacher 1	1	38,000	-	-	Teaching some higher 40,000 level math this year
Math Teacher 2	1	41,000	-	3,000	36,000 FT + 1 class
					FT + 1 class, writing Calculus curriculum,
Math Teacher 3	1	39,000	500	3,000	42,500 Math VC
Math Teacher 4	1	39,000	-	-	39,000 FT
					New position for lower level math (Poss. less-
Math Teacher 5	1	37,000	-	-	37,000 29K)
Math Department Total		194,000	500	6,000	194,500
French Teacher	1	40,000	-	-	45,000 Check Tissot
Spanish Teacher	1	38,500	2,000	3,000	43,500 Dept Chair-
					Position changes from
French Teacher	1	36,000	-	-	36,000 PT to FT
					Position changes from
Spanish Teacher	1	36,000	-	-	38,000 PT to FT
World Language Dept		150,500	2,000	3,000	157,500
					Dept. Chair and reduced IT & website
Computer Science	1	49,500	2,000	-	51,500 responsibility
					Partial stipend for +1
Computer Science	1	36,000	-	1,500	37,500 class in 2nd semester
Computer Science Total		85,500	2,000	1,500	89,000
					Dept Chair + stipend for Registrar work (reduced
Music Arts - Band	1	41,000	-	5,000	46,000 course load)
					PT to 5 classes, no additional duties or
Music Arts - Band	0.8	35,000	2,000	-	37,000 Round Table
Music Arts - Chorus	1	34,500	500	-	35,000 Vice Chair + .8 teaching
Music Arts - Chorus	0.5	16,000	-	-	16,000 New PT Choral position
Visual Arts	1	32,000	-	-	32,000 FT
Visual Arts	1	32,000	-	-	32,000 PT to FT

Electives	0.5	24,000	-	-	Adding additional HS 18,000 classes
Electives	0.4	9,000	-	-	2 Business Classes, adjunct positions -4500 - w/1 class
Arts Department					
Total		223,500	2,500	5,000	216,000

Total proposed per the budget	Variance	Surplus (deficit) from budgeted salaries to actual
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P/T Library Monitor	1	-	-	-	No cost to school- - Operation Able
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<b>TOTAL FACULTY</b>		<b>1,222,000</b>	<b>16,500</b>	<b>47,500</b>	<b>1,212,500</b>
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1,297,500	(11,500)	73,500
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Dean of School	1	71,500	-	-	71,500 Dean of School
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Assistant Dean	1	69,000	-	-	Admissions/Finance/ Guidance/Facility/Hu man Resources
Director of Faculty	1	50,000	-	-	69,000 55,000

<b>TOTAL ADMIN</b>		<b>190,500</b>	<b>-</b>	<b>-</b>	<b>195,500</b>
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190,500	-	(5,000)
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PT Guidance	0.5	-	-	-	Recommendation is non- renewal based on - performance
Guidance					Increase for existing
Counselor	1	40,000	-	-	41,000 person
Asst. Director					New position -5000 on
Guidance	1	55,000	-	-	50,000 current offer
					Eliminated, combined with FT Asst. Director of
SPED Position	0.2	-	-	-	- Guidance
PT Guidance/ Asst					Combine with Asst to
Dean	1	15,000	-	-	14,500 Dean position below

<b>TOTAL GUIDANCE</b>		<b>110,000</b>	<b>-</b>	<b>-</b>	<b>105,500</b>
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109,500	500	4,500
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Front Desk 1	1	31,500	-	-	Front desk/ Assistant 31,500 Director of Operations
Front Desk 2	0.7	22,000	-	-	Hourly position to assist at front desk during afternoon

TOTAL FRONT				
DESK		53,500	-	53,500

Asst. Director of				
Admis.	1	31,500	-	31,500 Admissions/Finances
Exec. Admin	1	29,500	-	29,500 Dean's Asst
PT Guidance/ Asst				Combined with Dean's
Dean	0.5	15,500	-	15,500 Asst.
				Contracted person to
				enter financials-new
Contracted Finance	0.4	25,000	-	25,000 position

TOTAL EXEC ASST				
		101,500	-	101,500

183,000 (28,000) -

Lunch Room				3 Lunches 2.5hrs/10hr
Monitor	0.2	-	-	- x 165 days

Lunch Room				3 Lunches 2.5hrs/10hr
Monitor	0.2	-	-	- x 165 days

ADDITIONAL				
HELPERS		-	-	-

Total Salaries		1,677,500	16,500	47,500
				1,668,500

1,780,500	(39,000)	73,000
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(A)

Key items to understand when reviewing the schedule.

\*Standard class load is 5 classes for a full time teacher

\*Additional classes are taught and a \$3,000 stipend is provided per class

\*Additional compensation was provided last year in place of health insurance

-One year incentive based on length of employment with Founders

-This was explained as a one year incentive and provided to everyone

\*Department Chair roles were raised from \$600/year to \$2,000/year

-One position chairs two departments and is given \$4,000 for this role

-Vice Chair positions will be paid \$500 in 2017-2018, no compensation 2016-2017

(A) Variance in overall salaries per proposed detail to original approved budget is related to one possible additional executive position that was not added to the detailed salary proposal and has also not been filled. In addition is was expected that there may have been additional leadership and chair stipends in the budget that are not included in this schedule.

THE FOUNDERS ACADEMY

Board Reporting Budget to Actual

Period July 1, 2017 through December 31, 2017

				Variance Favorable (Unfavorable)		
	FY18 Budgeted (Revised)	YTD FY18 Budgeted (Revised)	Actual Amounts	to Budgeted (Revised)	to YTD Budgeted (Revised)	Notes on Variances
<b>REVENUES:</b>						
State per pupil aid	\$ 2,173,500	1,308,510	\$ 1,337,250	\$ (836,250)	28,740	(1)
Grants	51,000	-	-	(51,000)	-	(2)
Contributions	67,000	33,500	5,411	(61,589)	(28,089)	(3)
Fundraising activities	20,000	10,000	15,490	(4,510)	5,490	
Student activities	-	-	4,953	4,953	4,953	
Summer school	9,000	9,000	8,945	(55)	(55)	
Other miscellaneous income	3,000	1,500	1,392	(1,608)	(108)	
<i>Total income</i>	<u>2,323,500</u>	<u>1,362,510</u>	<u>1,373,441</u>	<u>(950,059)</u>	<u>10,931</u>	
<b>EXPENDITURES:</b>						
Instructional						
Salaries	1,228,000	614,000	589,444	638,556	24,556	
Employee benefits	38,000	19,000	17,820	20,180	1,180	
Payroll taxes	95,481	47,741	44,620	50,861	3,121	
Guidance						
Salaries	107,500	53,750	65,195	42,305	(11,445)	
Employee benefits	671	336	486	185	(151)	
Payroll taxes	9,700	4,850	4,810	4,890	40	
Support Staff						
Salaries	172,000	86,000	62,127	109,873	23,873	(4)
Employee benefits	3,184	1,592	1,306	1,878	286	
Payroll taxes	11,250	5,625	5,003	6,247	622	
Administrative						
Salaries	196,500	98,250	93,730	102,770	4,520	
Employee benefits	7,530	3,765	942	6,588	2,823	
Payroll taxes	14,663	7,332	7,599	7,064	(268)	
Unallocated employee benefits	6,500	2,600	4,438	2,062	(1,838)	
Rent and occupancy	82,000	41,000	54,070	27,930	(13,070)	(5)
Utilities	96,200	48,100	50,215	45,985	(2,115)	
Repairs and maintenance	49,360	24,680	20,995	28,365	3,685	
Supplies and textbooks	20,745	10,373	11,017	9,728	(645)	
Equipment	16,900	8,450	9,741	7,159	(1,291)	
Professional development	3,750	1,875	2,577	1,173	(702)	
Professional fees	22,000	-	-	22,000	-	
Outside services	79,000	39,500	53,734	25,266	(14,234)	(6)
Student activities	25,645	12,823	6,088	19,557	6,735	
Depreciation expense	-	-	22,627	(22,627)	(22,627)	(7)
Other	26,924	13,462	13,726	13,198	(264)	
<i>Total expenditures</i>	<u>2,313,503</u>	<u>1,145,102</u>	<u>1,142,310</u>	<u>1,171,193</u>	<u>2,792</u>	
<i>Change in fund net position</i>	<u>\$ 9,997</u>	<u>217,409</u>	<u>231,131</u>	<u>221,134</u>	<u>13,723</u>	

## THE FOUNDERS ACADEMY

### Board Reporting Budget to Actual

Period July 1, 2017 through December 31, 2017

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#### Explanation of variances:

- (1) Total annual per-pupil aid for FY18 is \$6,900 per student. Two payments of \$2,077 at actual enrollment at the time of the payment have been received. The expected remaining per pupil aid payments for the year are \$871,939 at an enrollment of 315.
- (2) Budget includes \$12,000 for miscellaneous small corporate and foundation grants and the remainder is for Title 1A and Title 2A funds that are available. Management has not focused on billing of these amounts yet in the current fiscal year.
- (3) Early annual fund performance has not been as successful as planned, even as compared to the revised budget for annual fund. Non annual fund contributions that are expected and reflected in the revised budget have not yet been received.
- (4) See salary detail included in this attachment. Budget still includes a conservative salary estimates based on actual hiring and planned hiring and/or natural turnover that could occur. Also, actual salary allocation between departments slightly modified from the budget allocation for job duties being performed.
- (5) Rent is based on actual expenses. Actual expenses for the building have been more than budgeted.
- (6) A position was filled with a contractor versus an employee and therefore was not budgeted as outside services.
- (7) Some of the budgeted expenses were capitalized according to the School's adopted capitalization policy. The depreciation related to these assets was not considered in the School's budget.

THE FOUNDERS ACADEMY

Three year financial statement comparison  
 FY18 (July 1, 2017 through December 31, 2017)  
 FY17 (July 1, 2016 through June 30, 2017)  
 FY16 (July 1, 2015 through June 30, 2016)

	FY18			Audited			Audited			
	FY18	FY18	FY18		FY17	FY17		FY16	FY16	
	Budgeted	Actual	Favorable		Actual	Favorable		Actual	Favorable	Notes
	(Revised)	Amounts	(Unfavorable)		Amounts	(Unfavorable)		Amounts	(Unfavorable)	on
			Variance							Variances
REVENUES:										
State per pupil aid	\$ 2,173,500	1,337,250	(836,250)	\$ 1,980,000	1,913,005	(66,995)	\$ 1,119,454	1,110,826	(8,628)	(1)
Grants	51,000	-	(51,000)	-	-	-	25,000	25,000	-	(2)
Contributions	67,000	5,411	(61,589)	34,000	145,819	111,819	80,000	126,768	46,768	(3)
Fundraising activities	20,000	15,490	(4,510)	65,000	12,223	(52,777)	-	619	619	(3)
Student activities	-	4,953	4,953	10,500	39,725	29,225	7,500	82,524	75,024	(4)
Summer school	9,000	8,945	(55)	10,000	4,911	(5,089)	7,000	5,100	(1,900)	
Other miscellaneous income	3,000	1,392	(1,608)	-	299	299	-	786	786	
Total income	2,323,500	1,373,441	(950,059)	2,099,500	2,115,982	16,482	1,238,954	1,351,623	112,669	
EXPENDITURES:										
Instructional										}
Salaries	1,228,000	589,444	638,556	983,000	977,400	5,600	644,000	559,055	84,945	
Employee benefits	38,000	17,820	20,180	-	-	-	-	-	-	
Payroll taxes	95,481	44,620	50,861	80,313	75,766	4,546	46,529	43,794	2,736	
Guidance										
Salaries	107,500	65,195	42,305	-	-	-	-	-	-	
Employee benefits	671	486	185	-	-	-	-	-	-	
Payroll taxes	9,700	4,810	4,890	-	-	-	-	-	-	
Support Staff										
Salaries	172,000	62,127	109,873	-	-	-	24,000	-	24,000	
Employee benefits	3,184	1,306	1,878	-	-	-	-	-	-	
Payroll taxes	11,250	5,003	6,247	-	-	-	1,980	-	1,980	
Administrative										}
Salaries	196,500	93,730	102,770	241,500	293,613	(52,113)	209,000	219,540	(10,540)	
Employee benefits	7,530	942	6,588	-	-	-	-	-	-	
Payroll taxes	14,663	7,599	7,064	25,863	22,632	3,231	18,026	17,152	874	
Unallocated employee benefits*	6,500	4,438	2,062	12,000	13,634	(1,634)	5,016	3,467	1,549	
Rent and occupancy	82,000	54,070	27,930	218,000	121,916	96,084	80,424	131,503	(51,079)	
Utilities	96,200	50,215	45,985	106,200	88,889	17,311	83,700	85,301	(1,601)	
Repairs and maintenance	49,360	20,995	28,365	158,860	47,235	111,625	22,000	29,202	(7,202)	
Supplies and textbooks	20,745	11,017	9,728	19,000	22,816	(3,816)	15,100	16,184	(1,084)	
Equipment	16,900	9,741	7,159	44,000	19,635	24,365	25,000	16,473	8,527	
Professional development	3,750	2,577	1,173	250	5,096	(4,846)		970	(970)	(8)

THE FOUNDERS ACADEMY

Three year financial statement comparison  
 FY18 (July 1, 2017 through December 31, 2017)  
 FY17 (July 1, 2016 through June 30, 2017)  
 FY16 (July 1, 2015 through June 30, 2016)

				Audited			Audited			
	FY18	FY18	FY18		FY17	FY17		FY16	FY16	
	Budgeted	Actual	Favorable		Actual	Favorable		Actual	Favorable	Notes
	(Revised)	Amounts	(Unfavorable)		Amounts	(Unfavorable)		Amounts	(Unfavorable)	on
			Variance			Variance			Variance	Variances
Professional fees	22,000	-	22,000	17,000	21,388	(4,388)	18,000	20,000	(2,000)	(9)
Outside services	79,000	53,734	25,266	46,500	83,872	(37,372)	34,300	36,771	(2,471)	(10)
Student activities	25,645	6,088	19,557	-	43,356	(43,356)		55,070	(55,070)	(4)
Depreciation expense	-	22,627	(22,627)	-	42,859	(42,859)		35,209	(35,209)	(8)
Other	26,924	13,726	13,198	21,950	25,413	(3,463)	16,525	20,471	(3,946)	
<i>Total expenditures</i>	<u>2,313,503</u>	<u>1,142,310</u>	<u>1,171,193</u>	<u>1,974,436</u>	<u>1,905,521</u>	<u>68,915</u>	<u>1,243,601</u>	<u>1,290,162</u>	<u>(46,561)</u>	
<i>Change in fund net position</i>	<u>\$ 9,997</u>	<u>231,131</u>	<u>221,134</u>	<u>\$ 125,064</u>	<u>210,461</u>	<u>85,397</u>	<u>\$ (4,647)</u>	<u>61,461</u>	<u>66,108</u>	

Explanation of variances:

- \* Certain salary expenses were not previously allocated to the departments as broken out on this statement. For FY18 and going forward they will be allocated for more detail.
- (1) Per Pupil Aid is historically budgeted for the number of students allowed by the charter vs. the actual number of students that enroll.
  - (2) Start-up grant ended in FY16. In FY18 it is expected that Title funds will be received and used.
  - (3) Historically the Annual Fund and other contributions have been more successful than budgeted and in-kind contributions were not included in the budget. In the current year this activity has not been as successful. Fundraising revenue has been budgeted at more than has been being raised.
  - (4) Minimal student activities revenue and expenses are incorporated into the budget as the student led activities are designed to be self funding. Any school led activity is expected to generate minimal incremental revenue and expenses to the School.
  - (5) Salaries are budgeted based on student enrollment as the School continues to expand. As the school matures more positions are created and filled as necessary.
  - (6) Rent is paid to a related entity through common control. Currently rent is charged based on actual expenses of the related entity, mainly a land lease for the land the building occupies. Current rent paid based on actual operating costs is well below market value and considered a benefit to the Academy. In FY17 it was expected that a long-term lease with rent at an amount above actual cost would be established between the School and related entity. The development of a formal long-term lease was put on hold for the time being.
  - (7) In FY17 more of the building was fit-up for use by the School for the expanding student population and costs were not easy to budget as historical information was not available. At the time of the FY18 revised budget FY18 actual expenses were tracking higher than the previous year.
  - (8) Some of the budgeted expenses were capitalized according to the School's adopted capitalization policy. The depreciation related to these assets was not considered in the School's budget.
  - (9) Professional fees relate primarily to the annual financial statement audit and the fee for these services is accrued in June near year-end when the work is performed.
  - (10) In FY17 Budgeted outside services did not include repairs to HVAC units and additional part-time positions that were filled using an outside service provider.