



Citizens of the World Charter School – Kansas City

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Date: March 15, 2021
To: CWC - KC Board
From: Jeff Phillips, Board Treasurer
Subject: March Board meeting - February 2021 Financial Report

I apologize for not being able to participate in this month's meeting as usual. Please find the following as a brief summary of our most recent (February 2021) financial performance. During the meeting, Mr. Hile or Mr. Brennan will be able to field questions. If there are questions that remain unanswered or comments that you would like to direct to me, please feel free to follow up with me at your convenience.

Balance Sheet

- We continue to improve our Cash position, reporting a Cash Balance of \$789m at the end of February. This is a slight increase from the previous month, but a sizable increase from this time last year when we reported a February 2020 Cash Balance of \$287m.
- Payables are in line and our only outstanding debt remains the \$250m owed to CWCS which we plan to pay in full by the end of this fiscal year.
- We are currently projecting to end the year with 79 Days of Cash on Hand, which would be above the target of 60 Days.

Income Statement - Year to Date comparison to Budget

- YTD Revenues of \$3.9MM as compared to YTD Budget of \$4.6MM. The variance is due to timing of Donations (\$600m of the variance), however we expect to fully fund this line item by year end as projected. State Revenues (\$181m of the variance) continue to fall short of projected earnings previously due to State budget constraints, but primarily due to our WADA formula shortfalls.
- YTD Expenses of \$3.9MM compare favorably to the Budget of \$4.5MM. The savings continue to be primarily from being in a virtual environment through February which reduced expected food costs, professional services and facilities costs. We would expect these expenses to return closer to budgeted levels for the remainder of the school year as students return to the facility.
- This resulted in a YTD Net Income of \$44m as compared to a Budget of \$55m.

Income Statement - Forecast comparison to Budget

- Current Projections show Revenues of \$7MM as compared to Budget of \$6.9MM. While a \$400m shortfall is still expected in the WADA formula results, we expect to receive \$450m in ESSR funds from allocations in two of the CARES Act fundings to be realized in this fiscal year.

- Current Projections show Expenses of \$6.3MM as compared to Budget of \$6.8MM. While expenses are expected to return to more normal levels in the remaining months, as it relates to food services, facilities costs and instructional expenses, the savings realized in the virtual environment will be carried through for the remainder of the year.
- This is projected to result in a Net Income of \$637m as compared to a Budget of \$79m

Overall outlook

- The school's financial health has improved in large part because of the leadership and staff's efforts to manage costs as well as seek additional resources to meet student needs. We have also been fortunate to participate in the first PPP funding and the CARES Act allocations, both of which were intended to aid organizations like CWC-KC in managing this extremely challenging environment.
- While the current projections look very promising, we must continue to keep a keen eye on our cost management and our funding sources for the remainder of the year. As you can see in the monthly forecasting, we do not expect a strain on cash for the remainder of the year.
- There are no issues to report with this month's Check Register.

Other issues being addressed by the Finance Committee

- A meeting was held with a representative from IFF to discuss the current leasing structure and begin discussions on possible alterations to the payment schedule to better match seasonal cash flow fluctuations of the school.
- School leadership has begun working on a high level budget for the next fiscal year, with the hopes of presenting a summary view no later than the May Board meeting. The intent with the summary view would be to discuss with the Board the underlying assumptions around items like student numbers, donation amounts and facility cost changes. From this discussion, we would expect the respective committees to, in turn, provide the Finance team with more clarity on their areas of focus for the coming year. Those conversations will then inform our final budget presentation.
- The current landscape of additional aid funds create opportunities for CWC-KC's delivery of services to more students, but the committee continues to focus on ways to monitor "one-time event" type funding and hope to present the financials in a way that accounts for the funds while still conveying the sustainability of the core operations of the school without those funds.

Again, please don't hesitate to contact me with any questions or requests that you may have.