

# Charter Day School



## Charter Day School, Inc., Board of Trustees

### Minutes of the Board Meeting

2 PM; Thursday, October 16, 2014, CDS, Leland, NC

Attendance	Trustees:  Dawn Carter Jeremy Dickinson John Ferrante Melissa Gott Bob Spencer  Others: Mark Dudeck, Treasurer, CDS, Inc. Baker Mitchell, Secretary, CDS, Inc., Jesse Smith, RBA, QC Sawyer Batten, RBA, PIO Garek McGrath, StarNews Reporter
Call to Order	John called the meeting to order at 2:02 pm with a quorum of 5 present.
Pledge	Bob led the Pledge of Allegiance
Agenda Modification	None
Approval of Minutes	The minutes of the August 21, 2014 meeting were approved as written without objection.
RBA Reports – General Overview	Baker reported on the final EOG test scores for Columbus Charter School and Charter Day School and that these schools were the highest scoring schools in their counties. He also discussed a the release of a national ranking that placed CDS as 75 <sup>th</sup> out of 1033 elementary schools in NC according to EOG scores. When ranked among all districts in NC, CDS ranked 5 out of 139. He noted that both schools had substantial percentages of low-income and exceptional children with accommodations.
Initial SBCS Loan	Without objection, the Board ratified that the terms of the \$100,000 loan to SBCS from CDS approved at the April 24, 2014 meeting was a non-interest bearing loan due on or before June 30, 2025
Presentation of Audited Financial Statements	John turned the meeting over to Ms. Phyllis Pearson, CPA and partner in the CPA firm of Petway, Mills, and Pearson, PA. for her to present the 2013-2014 audits they performed. Phyllis provided background regarding the firm as the largest firm doing school audits in NC and SC. They audited 44 charter schools

	<p>this year and have audited charters since 1998. All audits are performed according to federal and state standards and in compliance with Local Government Commission (LGC) specifications.</p>
Charter Day School Audit	<p>Phyllis presented the <i>Independent Auditor's Report</i> for CDS. She said the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i>. Phyllis said that CDS received a "clean" audit with "no findings" and that the numbers presented in the report present the financial position of CDS "fairly". CDS finished the school year, June 30, 2014, with a total net position of \$2,116,973 of which the unrestricted funds were \$1,997,766.</p>
Columbus Charter School Audit	<p>Phyllis presented the <i>Independent Auditor's Report</i> for CCS. She said the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i>. Phyllis said that CCS received a "clean" audit with "no findings" and that the numbers presented in the report present the financial position of CCS "fairly". CCS finished the school year, June 30, 2014, with a total net position of \$771,393 of which the unrestricted funds were \$671,835.</p>
Douglass Academy Audit	<p>Phyllis presented the <i>Independent Auditor's Report</i> for DAC. She said the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i>. Phyllis said that DAC received a "clean" audit with "no findings" and that the numbers presented in the report present the financial position of DAC "fairly". DAC finished the school year, June 30, 2014, with a total net position of \$(88,827) of which the unrestricted funds were \$8,111, the negative net position was due to a loan of \$400,000 to renovate the school building and to purchase furniture and equipment.</p>
Retirement Plan Audit	<p>Phyllis presented the <i>Independent Auditor's Report</i> for the RBA 401(k) Plan. She said the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i>. Phyllis said that the RBA 401(k) Plan could not receive an "Opinion" on the plan because PMP relied on a certified statement from BB&amp;T, the plan's third party administrator, regarding investments in the plan but PMP was able to state that the RBA 401(k) Plan was in "Compliance" with the Department of Labor's Rules and Regulations. The plan finished the plan year, December 31, 2013, with \$1,917,262 in total assets compared to \$1,281,004 on December 31, 2012.</p>
	<p>Members of the Board asked several probing questions concerning the financial condition and the financial practices of the Company, including its financial and banking relationship with The Roger Bacon Academy, Inc., all of which Ms. Pearson answered to their satisfaction. Phyllis also addressed questions as to the rigor of charter school audits as compared to district school audits. She said the audits followed identically the same rules and specifications. There are no differences in the rigor of the audits. When asked about the effort applied, she responded that she brought seven accountants from the firm down to review and inspect original documents at the schools. These individuals were either CPAs or CPAs-in-training.</p>
Entering Closed Session	<p>The Board voted unanimously to go into closed session to discuss several law suits and other legal issues.</p>

Closed Session	Closed session began at 3:20 pm. The Board discussed the matters referenced.
Return to Open Session	The closed session was completed by 4:01 pm.
	<p>Mark Dudeck announced CDS had accepted payment of \$86,000 from New Hanover County in settlement for the county funds that had been withheld from the school in prior years.</p> <p>John announced that CDS had rejected an offer of \$510,000 from Brunswick County Schools and reiterated that the amount wrongfully withheld was \$1,097,000.</p>
Unfinished Old Business	None
New Business	Future Meetings: Several members could not attend the meeting on November 20 so that meeting was canceled without objection. Meetings were scheduled and announced to be held on October 29 at 2 PM at Douglass Academy and on December 4 <sup>th</sup> at 2 PM at CDS.
Ratification of Actions	<p>The Board unanimously ratified all other prior corporate actions without objection.</p> <p>John asked that the Board accept the audits as presented, and it did so without objection</p>
Adjournment	The Meeting was adjourned at 4:05 pm.