



## **Directors Report for October 20, 2021**

### **Enrollment Update**

<b>2021-2022 Projections Reflecting 10/15/21</b>	
Currently enrolled	72
Start date set	0
Admissions in process	0
Possible referrals (districts in discussion with Serendipity Admissions or parents requesting a tour)	2
Wait List	3
Placements at risk	5
<b>Likely Enrollment</b>	70
<b>Budgeted annual average enrollment:</b>	80

### **Program Update:**

Enrollment continues to be low due to the combination of strategically eliminating certain placements (students whose tracking data indicates they are not making progress on their individualized goals) as well as not accepting new students due to staffing shortages. There is a possibility that we may fall below 70-students in October because of natural attrition. We will start considering enrolling new students that have already gone through the intake process depending on individual classroom situations. All our partner districts have been notified of our current situation and understand our commitment to safe, quality programming.

We are continuing to lose staff even as we add staff. We are still 20+ staff members down. HR is continuing to advertise all our position openings on multiple job boards, but interest has remained limited. We have started to utilize substitutes from ESS West but this is also very limited.

Morale with the team has improved although management is still very concerned that we will continue to lose staff. We are continuing to meet weekly as a leadership and management team.

### **Finance Committee Update**

The Finance Committee met on October 6<sup>th</sup>, to review August financials as well as the final draft audit results. August financial reports are summarized below:

Net earnings for August 2021	(\$287,453)
Net earnings for August 2020	(\$266,233)
Net earnings year-to-date as of August 2021	(\$488,884)
Net earnings year-to-date as of August 2020	(\$627,709)

Attached are the Financial Reports for the period ending August 31, 2021. This is the second month of the fiscal year 2021-2022. The external audit has been completed for the previous fiscal year. We have just completed the ESY for this year.

Overall, the Net loss for August came up to \$287,453.91. This years' net loss is a little higher than last year's net loss of \$266,233.70.

The big balance in the Accounts Receivable – Donations are coming from the Covid Credits from the ERTC program.

Cash for operations in Heritage Bank is currently \$1,918,262.05. This current checking account balance is much lower than last years' Heritage Bank balance of \$2,429,261.02 which is the direct result of Serendipity having decided to use cash reserves to retain employees during the past school year and awaiting the refunds related to Employee Retention Tax Credits.

We are again eligible for receiving Employee Retention Tax Credits due to a government-imposed restriction on our business. The requirement that all school personnel are vaccinated is one of the factors impairing our ability to retain and attract adequate staff. The CPA consultant and our auditor agree with this interpretation. We suspect it is likely that we would have qualified for Q3 tax credits anyway, due to revenue reduced by 20% or more when compared to Q3 in 2019. Only July is closed, so we will not be able to calculate this form of eligibility until September is closed. July revenue was reduced 26% below July revenue in 2019. Our payroll processing company estimates the amount of our Employee Retention Credits in Q3 to be \$550,000.

### **Notes to Income Statements (Revenue):**

Most of the Revenue for the month came from two donations. All Hands Raised and the Kendra Smith Charitable Fund donated \$13,200 and \$50,000 respectively.

### **Notes to Income Statements (Expenses):**

- The uptick in Payroll and payroll related expenses comes mostly from the transition of the Finance Manager and Executive Director positions.
- The increase in the Advertising Marketing Expense comes mostly from expenditures for Website development, Four Pillar campaign logo, Impact report work by Mediaworks.

- The increase in Insurance Expense came from an increase of premium cost from SAIF and the Commercial Package. Serendipity also signed on for Cyber Security Insurance.
- The uptick in Rent Expense comes from the expense on the new facility at Key bank location.
- The increase in the Telephone and Utilities expenses comes from the new location at Key Bank.
- The increase in Consultant -Accounting Expenditures is a direct result of the Audit work for the last fiscal year.
- The Consultant General expense were up due mostly to an expense through Secret Weapon LLC for Development work.
- The increase in Consultant – Legal comes mostly from Consultations with Miller Nash.
- The Consultant for IT expenses were the result of work done by Convergence work for extending the Network.
- The Building Maintenance Expense are lower because we had work done for the classroom floors last August.
- The increase in Equipment Maintenance expenditures is the direct result of electrical work for the new Dishwasher.
- The Safety Committee expenses went up as a result of purchasing new air filters for the school.
- The increase in Staff incentives expenditure is the direct result of a welcoming breakfast for Staff in late August.
- The increase for the Food mostly from a Beef Order in preparing for the start of the new School year.

### **Fundraising Update**

We have two very strong finalists for the Director of Development position. Both candidates have gone through three rounds of interviews with me, Belinda, Breesa, Matty, Shea, and Erika. Breesa is still working closely with us to plan and execute our annual campaign. Impact reports have gone out both through the mail as well as electronically to our donors and supporters.

<b>Donation Category</b>	<b>Annual target</b>	<b>Progress through 8/30/19</b>
Donations restricted to the capital campaign	\$50,000 in new gifts and pledges (not including payments on previous pledges)	\$0
Four Pillar donations from corporations or individuals	\$200,000	\$53,371
Four Pillar donations from foundation grants	\$200,000	\$100,000

Grant update:

- Meyer Memorial Grant, secured, \$200,000 over two years
- Rippey Family Foundation, \$50,000, pending
- Garcia Foundation, \$5,000, pending
- Naito Foundation, \$20,000, declined
- ODE OR Youth Development, \$191,500 over 18 months, declined
- Hoover Family Foundation, \$6,000, prepared for submission next week

#### Campaign Update:

- Impact report distributed, paving the way for the first campaign appeal
- Year-end appeal being finalized
- New videos in support of campaign messaging being created

#### **Final Thoughts**

I'm very excited that ALL our Board sub-committees have met since the last Board meeting! Thank you to the committee leaders and members. We are slowly stabilizing the school after a rough start but it's critical that we remain nimble over the next few months.

I will be presenting to the Finance Committee and the Board next month a proposal to immediately increase the compensation for our 10/12 (work 10-months but compensated over 12-months) staff members. This includes most of our instructional staff. After consulting with Leadership, it was unanimously decided to focus on this group of staff in order to both improve retention as well as giving us a more competitive hiring package. Although we are forecasting a deficit, we must improve compensation in order to serve more students which will then increase revenue. As noted in last month's compensation report, we are vastly under-compensating our staff compared to local districts.

#### **Attachments**

- Finance Committee Packet
- Audit report
- Board Matrix results