

Minutes

Regular Board Meeting of the Online School of Arizona Board of Directors

Date: January 25, 2023
Time: 6:00 pm MST
Location: To be conducted via Zoom conference

Join Zoom Meeting – For Public Attendance
<https://us02web.zoom.us/j/86845759955?pwd=V1FIRGZyK25zYlNmZjRibnAvUnNYQT09>
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Item 1: Call to Order / Roll Call

Paul Mendoza called the meeting to order at 6:04pm. MST

Board Member	Present	Absent
Erin Albert - President		X
Laura Hatton – Vice President/Treasurer	X	
Paul Mendoza – Secretary	X	

Item 2: Pledge of Allegiance

"I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all."

Item 3: Statement of Purpose

"This meeting is a meeting of the Board of Education in public for the purpose of conducting the Academy's business and is not to be considered a public community meeting. There is a time for public participation during the meeting as indicated in the agenda."

Item 4: Regular Business

- Approval of the Agenda

Motion by Paul Mendoza to approve the Agenda.

Motion: Paul Mendoza

Second: Laura Hatton

Ayes: 2 Opposed: 0

The motion passed unanimously.

- Public Comments on Agenda Items - None
- Correspondence

Initial 

Travis Gostinger communicated that we received a response from the Arizona State Charter Board (ASBCS) regarding our FY22 Audit. ASBCS reviewed the audit and determined that the charter holder provide financial intervention submissions to the board as expected based off first year financials for the OSA. ASBSCS reported no issues with the operational performance dashboard. In regards to financial performance, we received a rating of intervention and will have an attestation form to sign and submit due Feb 22 acknowledging receipt of this. Secondly, by Feb 8 there are two other items due. First separate quarterly financial reports and unaudited balance sheet will need to be sent in. Secondly, we have to input the Charter Holders calculations of its quarterly performance on the financial framework template.

- Approval of the Minutes

Motion by Paul Mendoza to approve the November 16, 2022 Board Meeting Minutes.

Motion: Paul Mendoza

Second: Laura Hatton

Ayes: 2

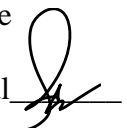
Opposed: 0

The motion passed unanimously.

- Financial Update

Michael Mania from Aspire Business Solutions presented the financials. Michael highlighted November and December profit and loss. We are seeing equalization climbing as we've had more students and minutes recorded. We have not drawn on IDEA funds this year because we are waiting on maintenance of effort. Expenses have remained flat. In the fall we will receive the audit refund. We are seeing consistency with expenses. Laura inquired about the forecast and Michael mentioned that he would be reporting on that. Paul inquired about a healthy percent for being on track. Michael communicated we would expect to see 10-15 % for the first quarter and it would be very healthy to see it broken up, climbing to 90% by the fourth quarter. Expenses have to trend with growth. Further discussion commenced. Michael communicated that he would break out further details on next month's reports and if further detail was needed from there, he and the team could adjust it. Michael continued by presenting the balance sheet. The auditors pointed out "right of use asset". It is an additional line item that I wanted to point out. This is the main change for reporting. The Income Statement, Balance Sheet and Quarterly Report for first and second quarter are what we will provide for intervention. We'll provide the same three documents at the close of third quarter and the end of the year. We will also provide the boards measure calculator. It is the four main calculations (Unrestricted days Liquidity, Adjusted Net Income, Average Daily Membership, Lease Adjusted Debt Service Coverage

Initial



Ratio) on the dashboard for financial reporting. The goal is to have thirty days cash on hand. We will be keeping an eye on that. We need all calculations yellow (approaches standard) or green (meeting standard) on June 30 to be out of intervention. The biggest thing the ASBCS board will be looking at is how we are trending. Travis and I will be communicating along the way to check progress. It is not uncommon for a school year one to be in intervention.

- Approval of the Financials
Motion by Paul Mendoza to approve the financials as presented.

Motion: Paul Mendoza

Second: Laura Hatton


Ayes: 2 Opposed: 0
The motion passed unanimously.

Item 5: Leadership Update

- Administration Update
Mitch Horlick communicated that overall student enrollment is flat, but the good news is the minutes are increasing. We are also graduating students which impacts enrollment. Mitch shared a success story of a student who moved to AZ and enrolled at OSA on his own. There were many obstacles, but he finished his classes, got himself a job and now has satisfied state requirements for graduation and plans to transition to college. This is an example of how OSA works for many students. We have a team that will work for the success of the students. Laura inquired on our attempts to increase enrollment. Mitch mentioned that we do have two students currently enrolling and mention the communication attempts he has made. Paul asked how to help with getting the word out about OSA. Mitch commented that he could provide some information to be posted on Social Media. Further discussion commenced.
- Management Company Update
None

Item 6: Board Strategy and Planning

- Loan Agreement Amendment
Travis communicated that we'd like to ask for the board's approval on an amendment to the note with American Charter Development. This was the loan between ACD and OSA with NextLvl Management as guarantors. The amendment would remove NextLvl Management Partners as the guarantor and replace it with SSS Partners being the guarantor as discussed. The note and payment stay the same.

Initial 

Motion by Paul Mendoza to approve the First Amendment to the loan guarantee as presented.

Motion: Paul Mendoza

Second: Laura Hatton

Ayes: 2 Opposed: 0
The motion passed unanimously.

- **Confirmation of Financial Liability**
Travis reminded the board of the donation given by NextLvl of \$350,000 to support the school last school year. This year we wanted to capture what the current liabilities are. These are the funds we've used to support OSA on a monthly basis. We have put it in a standard invoice format to make sure it is recognized. Through the end of the December the total is over \$167,000. Our goal would be to have the due date for payoff be by the end of the school year (in June). Further discussion commenced. Travis communicated we will put June 30, 2023 as the due date and if we need to have further discussion about adjusting, we can do that. Laura asked that it be in the financial statements. Travis communicated that it is reflected as one of the liabilities in the financials. We will continue to discuss this on a monthly basis and are asking the board to acknowledge the invoice at this meeting.

Motion by Paul Mendoza to acknowledge the invoice due to NextLvl by June 30, 2023 as presented.

Motion: Paul Mendoza

Second: Laura Hatton

Ayes: 2 Opposed: 0
The motion passed unanimously.

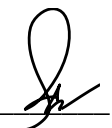
- **Fiscal Year 22 Audit Letter from ASBCS**
Travis communicated that we had discussed this earlier in correspondence. Michael did a great job walking through the quarterly financials that will be submitted and the template that needs to go to the state. I will sign the form attesting to the acknowledgement of that and make sure that everything is sent in before the due date of February 8.

Item 7: Public Comments on Non-Agenda Items

None

Item 8: Adjournment

Motion by Paul Mendoza to adjourn the board meeting at 7:00 pm MST.

Initial 

Motion: Paul Mendoza

Second: Laura Hatton

Ayes: 2 Opposed: 0

The motion passed unanimously.

Board Secretary Signature  _____

Date 7/11/2023 _____

Initial _____