

DATE: 30 November, 2023

TO: Finance Committee
Sally Sacco, CAO

FROM: Bill Geiger, Interim CEO

SUBJ: Cash Required for 2024

After further review of the proposed 2024 budget, conversation with Sally and Glenda, and a review of cash balances including the FSP Employee Retention Tax Credit (ERTC) Fund Spending Proposal October 2022, I have a more complete understanding of the draw-down of cash required in 2024. The characterization of the proposed budget as a “balanced operating budget,” a term I used, is not consistent with my understanding today.

In addition to revenue from Contributions, two items listed in “Other Income” are, in my experience, not normally considered items of “operating budget” revenue. Those items are

- 1) 2023 Surplus (\$200k) and
- 2) ERTC Carryover (\$150k).

The \$200k from the 2023 Surplus and \$150k from ERTC Carryover, a total of \$350k, will reside in our cash balance at 12/31/23. In addition to the revenue from Contributions realized in 2024, the proposed budget calls for the draw-down of that \$350k from cash during the year. This amount is in addition to the \$247k cash required to fund two items discussed at the November Finance Committee and Board meetings:

- A) Non-Recurring Expenses for Transition (\$60k) and
- B) Strategic Plan Investments (\$187k)

It’s my hope that this provides a clear understanding that \$597k total cash is required in 2024 and that this helps in preparing its recommendation to the Board for approval of the proposed budget.

I support the adoption of the proposed 2024 budget. In order to provide a more complete picture of its impact on the financial condition of FSP, Sally will include a projected cash flow based on the 2024 budget showing our cash balance at 12/31/23 and at 12/31/24 showing the draw-down of \$597k.

Topics for further discussion at the Finance Committee:

- 1) Consideration of how cash is / might be invested – proposed for the February agenda,
- 2) Consideration of how revenue is presented in the budget and financial reporting going forward, and
- 3) Creation of a Spending Policy to assure that the Board has established guidelines to provide a clear understanding of cash balances and assure the appropriate use of cash and protection of assets.

**Freedom School Partners
2023 Cash Projection Summary**

Total Cash Balance at December 31, 2018:	820,246
Total Cash Balance at December 31, 2019:	653,622
Total Cash Balance at December 31, 2020:	1,151,251
Total Cash Balance at December 31, 2021:	1,140,416
Total Cash Balance at December 31, 2022:	1,569,974
Total Cash Balance at December 31, 2023:	1,698,456
Less: Cash Reserve	(275,000)
Less: Restricted Cash for 2023	-
Available Cash	1,423,456

2024 Receipts	2,310,979	
2024 Disbursements	(2,907,572)	
Estimated Available Cash Balance at 12/31/2024		826,863

Estimated Available Cash Balance at 12/31/2024 **826,863**

Estimated TOTAL Cash Balance 12/31/2024 **1,101,863**