

## **M. L. Tharps & Associates, LLC**

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Remarks from Management Consultant's review of MMSA financial status:

- 1) MMSA original budget projected revenue of approximately \$2.61 million and expenses of \$2.52 million for a net surplus of \$86,000.
- 2) Based on actual enrollment, the budget was revised down to show revenue of \$2.5 million and expenses of \$2.56 million for a deficit of \$53,000.
- 3) Concept Schools was due \$100,000 for repayment of a loan provided to the school. \$50,000 of that loan was forgiven and only \$50,000 will need to be repaid.
- 4) The school's projected net financial position (Assets minus Liabilities) at year end (6/30/20) is approximately \$150,000, down from \$577,000 at 6/30/17. This is a 74% decrease in a 3 year period.
- 5) Per review of the school's FY 2021 projected budget, the school is projecting approximately, an increase in enrollment of 32 students, a 15% increase in enrollment.
- 6) The FY 2021 budget projects a nominal increase in expenses (\$40,000). This appears reasonable considering the projected increase in enrollment should not lead to a large increase in fixed costs.
- 7) Enrollment to achieve a break even budget, the school would still have to increase enrollment by 20 students.

### Conclusion:

It is very important that the school achieve at least a break even budget for FY 2021. The school does have some wiggle room, but they must reverse the tailspin of the past 3 years. If 2021 enrollment does not meet projections, steps must be taken to reduce expenditures. As almost 60% of costs are related to salaries and benefits, reductions in staffing, or adjustments to staff salaries and benefits may be necessary.