

Existing The GREAT Academy Financial Corrective Action Plan Sept 2021

MISSING as of 9 22 21

CAP # Excel row

School Building Information		
A13	Audit	
6	A13	<p>Provide a plan for return of unamortized rent pre payments. In order to address the 2020-002 audit finding and as required by 6 (c) of the lease, the school will negotiate a plan with the foundation for a return of any unamortized amounts of Prepaid Rent if the school closes at the end of the extended contract. The school will attempt to negotiate the least amount of rent payments to be made during the FY2022 in an attempt to obtain a return of unamortized amounts during the FY2022 school year, if possible.</p>
7	A14	<p>School will request a full accounting from the foundation regarding the payments and expenditures of the prepaid rent and regular rental payments made by the school and provide this information by August 2, 2022 to the CSD. Documents to include *Copy of lease agreement *Amount of rent paid for the last five years *Amount of rent pre-payment made, including date and allocation of pre-paid amount against rent owed. Identify the benefit of the pre-payment to the school. *Documentation of receipt of prepaid rent to show where it was accounted for on the Foundations books *Letter confirmation of number of months of rent pre-payment remaining as a credit and as amortized *Provide any written agreement regarding terms and conditions of pre-payment *Provide information on PSFA lease reimbursements and any reporting of rent prepayment to PSFA *Foundation Loan payments made and present loan balance *Provide documentation of disbursements of prepaid rent including: -Capital improvements made to the building -Payments made to any employee, for the benefit of the employee, or on their behalf, and the purpose for such payment, including any contracts related to these payments -Benefits provided to the school through the foundation utilizing rent or prepaid rent *copies of all 1099</p> <p>-Lease agreement(s) from July 2016-March 2017. School provided current lease agreement (effective 1/1/19) and prior agreement (effective 4/1/17), but not all lease agreements for the years requested. -Documents showing invoice/bill for prepayments and any documentation supporting the prepayments. What was provided was a few sentences on foundation letterhead of prepayment amounts received during the contract years. -Written agreement regarding terms and conditions of prepayment. Responses refer to the lease where the only use of the work prepayment was in relation to a prepaid rent amount of \$710,625.00 (see 6(c) in both leases). -PSFA lease reimbursements or any reporting of prepayments to PSFA -Contract(s) to Jasper Matthews with the foundation for FY17 and July-December, 2018. -Contract(s) to Keisha Matthews with the foundation for FY18. -FY17 Foundation General Ledger not provided, apparently foundation did not keep a paper copy of the general ledger in the financial records. Electronic copy was deleted by IT vendor. -FY18 Foundation General Ledger - expenses only provided for January to June, 2018. CSD had to backfill expense information from three cash accounts - checking, savings and FTGA Maintenance. -FTGA credit card statement for October, 2019 not provided</p>

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8 A15 Audit Finding 2020-001 **Provide debt repayment plan.** To correct the 2020-001 audit finding, the school will request information from the foundation on how the foundation intends on meeting its debt obligations, and the funds that will be used to reduce these balances in the event that the lease is terminated at the end of FY2022 and provide this information by August 2, 2022 to the CSD. Please identify if rent pre-payment funds were used to service the debt on the credit car and provide information on the debt incurred on the credit card, including if charges were for the benefit of an employee of the school or for the benefit of the school.



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9 A17 Employment contracts
 - employee name
 - contract begin and end dates
 - job duty/title
 - annual and per paycheck amount
 - Hours worked, Full-time equivalent percentage
 - Object code(s) and job code

A18 W-2 filings and IRS 941 filings

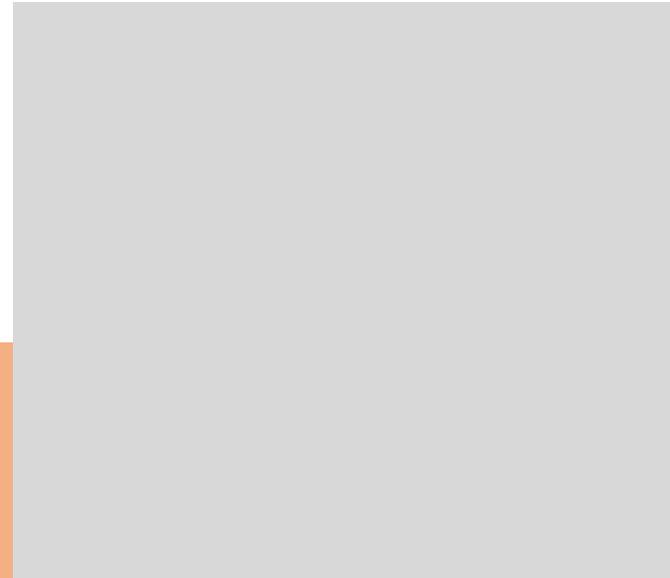


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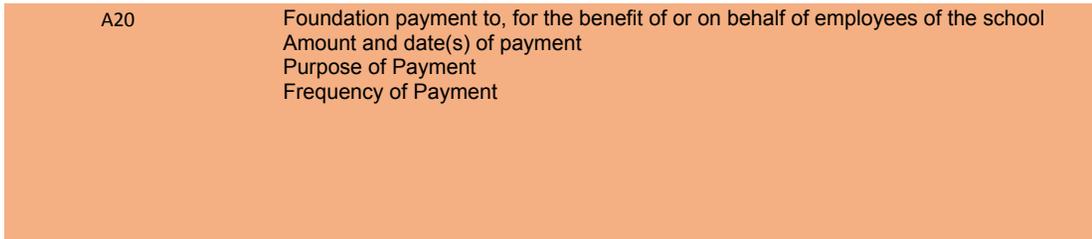
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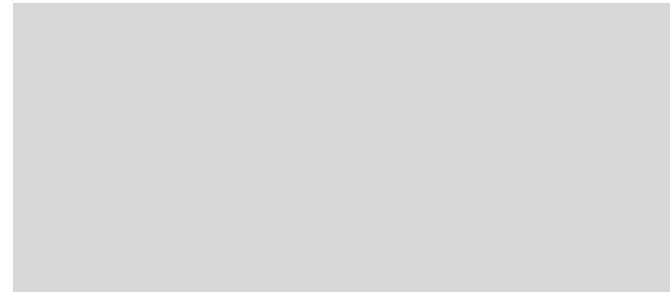


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Provide Listing and copy of Goods and Services contracts to include:
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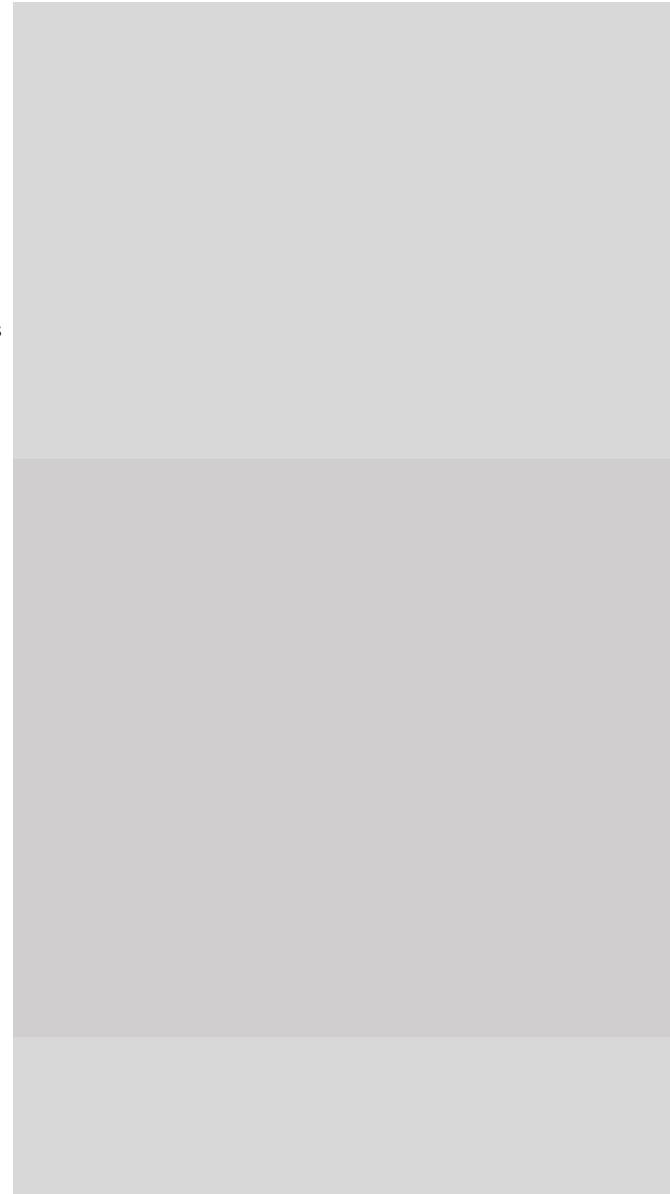
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Provide Detailed purchase order log to include:
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A30		Errors in trial balance, escrow balance not reconciled and bank rec had variance of \$1,185
A33	2020-001	JE reclassifying fund 24301/CARES Act Funding to fund 11000. Amount \$20,400
A33	2020-001	JE reclassifying property tax revenue from fund 31600 to 31701. Amount \$57,200
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Statement - if the school closes, the building equity, if sold for the appraised amount, will cover the unamortized prepaid rent.
 CONCERN - Given the empty commercial real estate in the area the school is located, the amount of vacant space will remain on the market is undeterminable BUT likely lengthy.

GL transactions provided for FY17-18 (partial), FY18-19, FY19-20 & FY20-21. FY16-17 was deleted in
 -Lease provided. Current year (effective 1/1/2019), 2017 lease (effective 4/1/2017), prior lease - date 6/11/2015 not provided. 2017 lease was a 20 year lease (ending 3/1/37), 2019 did not account for 2 years and started again as a 20 year lease (ending 12/1/38). The only difference appears to be the pre-amortization = additional prepaid rent between the two leases.
 -Foundation listed two rent prepayments, not the total three. When asked why it was omitted, R Shorter replied he only included prepayments made in the last school contract years.
 -Only the last prepayment was accounted for in the foundations books by way of the GL for FY18-19. The prepayment of 4/3/17 would have appeared in the FY16-17 GL that was deleted. No other proof of prepayment was provided by the foundation.
 -Foundation/School claim lease clauses 2, 6(c), 11 (d) & (h) as justification. Need legal eye for this = the NEED for the property, 6(c) mentions prepaid rent amount of \$710K and 11(d) & (h) only appear if the lease is in the best interest of the school.
 -Foundation/School provided and MOU that reads like a list of items the foundation pays for on behalf of the school as the justification for uses of the prepaid rent.
 -Provided loan statement which matches payments recorded in the GL for the years provided.
 -Capital improvements in years FY18-FY19 = \$50,817 + \$5,912/equipment-trailer and FY19-20 = \$23,956, total of \$73,956 in capital improvements from FY16-17 through FY20-21. Funds to pay for these improvements came from the monthly maintenance expense (approx \$66K/annually) not from rent paid.
 -The foundation paid Jasper Matthews as a contractor, additional car allowance and a retention bonus totalling just over \$145K from FY17-FY21. The foundation paid Keisha Matthews just over \$110K as a contractor and retention bonus during the same time period. The foundation paid Denise Garcia approx \$7,600 as a contractor and retention bonus for the same time period. The foundation paid three other employees retention bonuses in FY19 - Sherry Maldonado/admin \$2,450 and Isaiah Gallegos and Lisa both teachers - \$4,450/each.
 -Expenses codified by "MOU" list available for review. Highlights: just over \$100K in travel for FY18-FY19. Cards under student incentives & parents nights and moving expenses \$1,646 which includes reimbursements to Ronald Shorter, school claims some expenses were for teacher(s) from the Philippines.

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8 A15

Audit Finding 2020-001

Provide debt repayment plan. To correct the 2020-001 audit finding, the school will request information from the foundation on how the foundation intends on meeting its debt obligations, and the funds that will be used to reduce these balances in the event that the lease is terminated at the end of FY2022 and provide this information by August 2, 2022 to the CSD. Please identify if rent pre-payment funds were used to service the debt on the credit card and provide information on the debt incurred on the credit card, including if charges were for the benefit of an employee of the school or for the benefit of the school.

Results

Statement provided by the foundation repeats the audit finding response provided to the auditors in November 2020. Two more additional statements 1) If the school closes, the foundation can lease the property to another school and continue to make the mortgage payments with the rental income. 2) payments were spent for the benefit of TGA, including all credit card purchases.

-In FY20 the foundation paid \$3,793.08 in credit card finance charges and \$7,249.31 in FY21.
-There are three credit cards issued to the foundation. The statements are addressed to Jasper Matthews Great Academy Foundation. The cards are issued in the names of Jasper Matthews, Keisha Matthews, Denise Garcia. Denise Garcia's creditcard is presented to a number of food establishments directly to restaurant and assigned to various other individuals.

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Employment contracts
- employee name
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Teachers contracts = **179 days**
Head Admin & Director of Academics contracts = **220 days**
Hourly staff on an "MOE" which DOES NOT include first day and last day, hours per day or number of days when asked, Jasper Matthews said these employees are **240 day** employees.

Two admin staff also include payroll charged as SPED Educational Assistants, at the same rate of pay as teachers, make them highly compensated as EAs.

TGA is a high school without a school counselor.

Ronald Shorter, former TGA board member became truancy officer and dean of students 7/1/2019 with no apparent school experience. MOE reads he is only accountable to the Head Administrator and/or Director of Academics.

The Matthews do not pay the \$350/pay period into NMERB or directly into an investment account. The payments are made to the Matthews as separate payrolls each payperiod.
FY17 School 1099 filing showed Jasper Matthews earned \$27,664.63 as a contractor/non-employee. Compensation to be paid as a school employee in the amount \$164,912 as the schools head administrator's additional retirement, car allowance and cell phone stipend.

A18

W-2 filings and IRS 941 filings

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A19	<p>Employee stipend or other compensation including fringe benefits: -employee name -benefit (including repayment of unpaid leave) -amount -frequency of payment(s) -accounting string</p>	<p>Stipend contracts provided. Have not had the opportunity to trace them back to the school's GL. First does not appear to match with expense posted to 51300.</p>
A20	<p>Foundation payment to, for the benefit of or on behalf of employees of the school Amount and date(s) of payment Purpose of Payment Frequency of Payment</p>	<p>-Foundation Paid Jasper Matthews in 4 of the 5 years (FY17-FY21) and a building/maintenance manager to seek a new lender and to promote school concert fundraiser as well as a retention bonus of \$8,450 in FY18 and additional/shorted car allowance of \$4,100. -Foundation paid Keisha Matthews in FY18 & FY19 as a Director of Academics and received a retention bonus in FY19 \$8,450. -Foundation paid Denise Garcia in FY18 as a Director of Operations in the amount of \$5,178 and a retention bonus of \$2,450 in FY19. -FY19 the following TGA employees received retention bonuses: Sherry Maldonado/admin \$2,450 and Lisa Gallegos and Lisa Orton - both teachers - \$4,450/each.</p>
A21	<p>Detailed expenditure report, down to the invoice and/or individual level, of all expenses</p>	
A22	<p>Provide Listing and copy of Goods and Services contracts to include: - Vendor name, address & EIN or SSN -Contract duration, beginning and ending dates -Amount -Description of goods or services/scope of work -Full accounting string</p>	<p>Schools A/P listing for the years requested were provided which covers all vendor payments.</p>
A23	<p>Provide Detailed purchase order log to include: -purchase order number -purchase order date -vendor -description of purchase -accounting string -amount -status (open/closed) and -check number for closed purchase orders</p>	<p>Schools A/P listing for the years requested were provided which covers all vendor payments.</p>

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The school has three vehicles. 2014 Suburbans - numbered 47, 48 & 50. According the the Wex card payments, the odometer readings are 30K, 10K and 7K.

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Existing The GREAT Academy Financial Corrective Action Plan Sept 2021

CAP # Excel row

A19

Employee stipend or other compensation including fringe benefits:

- employee name
- benefit (including repayment of unpaid leave)
- amount
- frequency of payment(s)
- accounting string

A20

Foundation payment to, for the benefit of or on behalf of employees of the school
Amount and date(s) of payment
Purpose of Payment
Frequency of Payment

A21

Detailed expenditure report, down to the invoice and/or individual level, of all expenses

A22

Provide Listing and copy of Goods and Services contracts to include:

- Vendor name, address & EIN or SSN
- Contract duration, beginning and ending dates
- Amount
- Description of goods or services/scope of work
- Full accounting string

A23

Provide Detailed purchase order log to include:

- purchase order number
- purchase order date
- vendor
- description of purchase
- accounting string
- amount
- status (open/closed) and
- check number for closed purchase orders

Existing The GREAT Academy Financial Corrective Action Plan Sept 2021

CAP #	Excel row	
A24		Accounts Payable check register to include: -check number -check date -vendor and -amount
A25		Provide Monthly bank reconciliation for all school bank accounts to include: - detailed outstanding accounts payable checks (check date, number, vendor & amount) - detailed descriptions, to include accounting string, and supporting evidence of wire transfers in and out of the bank accounts
A29		Foundation debt service ratio not met in FY8, 19 & 20
A30		Errors in trial balance, escrow balance not reconciled and bank rec had variance of \$1,185
A33	2020-001	JE reclassifying fund 24301/CARES Act Funding to fund 11000. Amount \$20,400
A33	2020-001	JE reclassifying property tax revenue from fund 31600 to 31701. Amount \$57,200
A34	2020-003	Finding that ERB payments on behalf of the Co-Founders was calculated based on salary and fringe benefits because the benefits were coded to salary. Requested: -Schedule of monthly ERB contributions that tie back to object code 52111-Educational Retirement and 51100-Salaries Expense -Show how \$350 per co-founder is treated in payments to NM ERB -Correction made by the school to ERB for retirement calculation error