

HSA General Meeting – September 13, 2017

Meeting Began: 7:10

Chris welcomed everyone.

She reminded everyone to please join the HSA online or at one of the meetings or events. She thanked Sophie for relaunching the website where families can become members online.

She reviewed the HSA events so far this year:

Staff appreciation and welcome back to school

Room parent social – Carrie Williman volunteer coordinator

Thanked room parents

New parent social at Macon

She flagged upcoming HSA events and activities:

Grizzly Gear sales – before school

Friday - Homecoming – buy tickets online and at the door

New this year – Freed is offering family portraits September 28. It is \$25 for a sitting after school into early evening.

Fall Festival – asked for volunteers

Margaret provided a governance update. She introduced Clare Sant as the new Co-Treasurer noting the Clare formerly was the hospitality co-chair.

She noted that the Board is working on and thinking about how we work and how we delegate more to committees so that more parents can get involved.

Reviewed and approved the June minutes with a couple of changes to address misspellings of names.

Move to approve the June 2017 minutes

Sarah Remes – moves to approve

Janine Boyle seconded

All in favor

No one opposed

Shannon Behm provided a financial report

She introduced Sharon Galloway, the HSA accountant.

Shannon shared the August reconciliation report and noted that she will present monthly bank reconciliations at HSA Board meetings and provide bank account totals for each account.

She noted that two new accounts were opened in early August following the discovery of suspicious activity:

Operating account \$62,483.44

Savings account \$124,706.55

She also noted that there are two Paypal accounts

One – donation portal - \$90,002.29

The other Paypal account – events and grizzly gear - \$45,777.45

She addressed the following questions on the accounts:

Q: Paypal is used only to accept \$

A: Keeping a certain balance helps with interest and transaction fees. Moving forward we will have less in there and move the money to savings.

Q: who is paying for accountant and lawyer fees associated with the issue with the accounts?

A: Shannon explained that Margaret would cover that later in the meeting

Q: board voted last year on amounts allocated for the spring fair. How does the general membership get to vote on the allocation for that expenditure?

A: We may want to move that money for the Fall Festival

We would share that information with the membership. If there is money to reallocate, the Board would make a recommendation and it would be brought to general membership or approval.

Q: Did the Board recommend canceling the spring fair and did general membership approve it?

A: Chris responds that because we historically lost money and had a hard time getting volunteers for it, the Board voted to take a year off from the spring fair and reevaluate.

Q: Questions about the Board vote

A: Chris responses that that the minutes from that meeting are online.

Q: Question if there is a mechanism to bring things to the Board for discussion.

A: Chris explained that you can talk to the Board any time, put things in the Board mailboxes, come to a Board meeting.

Q: Question about why there were so few General Meetings Scheduled this Fall

A: The schedule was planned last spring before the issues came up about the accounts. The schedule is on line and transparent to the entire community.

There was a suggestion to add an HSA General Meeting this fall.

Sarah moves to move to add a general meeting to the calendar.

Stacey Seconds.

All in favor.

Q: Who at the school is responsible for interfacing with the HSA Co-Presidents?

A: Chris explained that they meet with Dr. B every Friday. They also meet with Ms. Mayhew. There are 4 school representatives on the HSA Board. Dr. B, Ms. Bosurgi, Ms. Cassidy, and Mr. King.

Q: Why does the HSA manage the school's website?

A: Chris and Sophie noted that it is unusual for HSA to manage the school's website. DCPS does not have websites for their schools. Parents told us they wanted it, so the HSA manages it.

Q: Are we tracking the activity fee expenditures by class?

A: Shannon responded that we are working with Ms. Mayhew to streamline that process. Shannon explained that the class activity fee is separate from the HSA funds and covers buses, field trips, field day t-shirts. Teachers this year will have a running list of who paid the fee. Rollover money from last year will be pushed up to the next grade.

There was a suggestion to hire a bookkeeper. Shannon noted that there is a line item in the budget for that and that Sharon will play a consistent role in reviewing the accounts.

Membership Update

Sean provided a membership update and noted that he wants every family to become a member of the HSA and have a voice.

Fraud Investigation Update

Margaret provided an update on the fraud investigation. She noted that she would provide an update on the issues, how the Board dealt with it, and that Clare would provide an explanation of new procedures and policies that are being put in place.

Margaret explained that over the summer, In the process of reconciling the books, the Board identified suspicious activity on the account. The Board hired accountant immediately. The ensuing investigation showed significant misuse, and identified who it was, and that person confirmed some of the charges.

Margaret flagged that she cannot identify the person or discuss many specifics as it is an ongoing investigation.

On the advice of the accountant, the Board also engaged outside counsel for advice and guidance, and reached out to the person to recover money. She noted that the Board has been able to recover about \$30 thousand to date.

She also noted that the detectives are in the process of reviewing the information to identify if there was any additional misuse and, if so, to recover those funds. She noted that the Board is in discussions to get attorney and accounting fees related to the fraud returned to the HSA.

Margaret explained that, in accordance with board bylaws, we broke into committees to deal with these things:

- (1) Fraud committee to Interact with the attorney
- (2) Communications committee to handle communications related to the fraud investigation
- (3) Fundraising committee - Sean mentioned in previous years we did a huge fundraising blitz in September, and we have not done that this year, as it did not feel right given the circumstances.
- (4) Policies and procedures committee

Clare Sant then summarized the new financial controls being put in place. She went through the steps that the Board has started to take and sanity tested these with certain people who run small non-profits.

Immediate steps taken:

Closed legacy accounts

Moved funds to new accounts with requirements of 2 signatories for every check,

No check cashing.

If we need petty cash, write a check to an individual who then goes and cashes it. And keep backup.

No credit or debit card for the time being.

Set up e-transfers for recurring expenses

Paypal – transferred excess balances into savings and changed passwords

Other controls (see handout):

- (1) We have an office space now - all records for checks written, requisitions made, etc. will be kept here on-premises.
- (2) Accountant – quickbooks reconciliation
- (3) Monthly accounts reconciliation at board meetings
- (4) First VP having will do a monthly accounts activity review
- (5) Assessing choice of banks
- (6) Keep balances within FDIC thresholds (\$200,000)
- (7) Try to go cashless
- (8) Review of new reimbursements system – working to do this electronically instead of paper

Margaret then noted that the Board incurred attorney and accounting fees related to the fraud investigation and that while we are hoping to get restitution, we will need to pay our bills.

Costs incurred to date:

Accountant - \$800

Attorney - \$8800

There was a question about the attorney and whether going forward we should consider a pro bono attorney to help the Board. Margaret responded that the Board would love pro bono support and explained that at the time that the fraud was discovered, the Board did not know the extent of the issue, has a sense of urgency, and did not want to involve someone in the parent community in the initial investigation. She noted that the Board tried to find someone who would take the case pro bono and used the free hotline lawyer from the insurance company, but eventually determined the need to retain an attorney that had experience in this area with non-profits and had a variable rate.

Sarah noted appreciation for how hard everyone on the board has been working to address the issue.

Ryan Oliver moves to vote to approve the payment of accountant and attorney fees up to \$10,000. Cindy Carpenter seconds. All in favor.

There were some follow up questions on the investigation and other matters:

Q: How far back does the fraudulent activity go?

A: Margaret noted that the Board believes it was within the past 18 months and noted that the investigation went back two years to ensure that there was nothing more in the past.

Q: Has the Board filed a claim with insurance company?

A: The HSA does not have crime coverage.

Q: Sense of whether it involved only one person?

A: All the evidence and the subsequent restitution indicates that it was one person.

Q: If there is extra money in the budget, what are the extras we can get for the school?

A: The Board relies on the input of its members for this when preparing the budget. Examples of expenditures are: Choir, STEM, Odyssey of the Mind, Robotics. The money is there for anyone who wants to take the initiative to do something for the school. Laura Nelms is a great example of this with the garden. Bethann siegel took the initiative with the choir. Reminder to keep in mind that it is difficult to insert something into the school day.

Q: Can teachers have input to this?

A: Yes – the Board represents to the teachers in August, and teacher representatives tell other teachers about resources that are available.

Q: Process question – at what point will there be a third party audit?

A: Fiscal year ends July 31 and we will be prepared beginning of August for a third party audit.

Q: How can parents can be involved?

A: Margaret will figure out how to better open things up to interested parents.

Shannon proposes to adjourn. Chris seconds. All in favor.

Meeting Adjourned: 8:50