



COLORADO LEAGUE of
CHARTER SCHOOLS



Using Financial Governance Toward Effective Decision Making

SEPTEMBER 5, 2025

www.coloradoleague.org



Better Outcomes. Brighter Futures.

Afton Partners is an impact-driven consultancy that reimagines and implements systems, policies, and practices that improve lives.

Afton's work with charter schools builds strategic finance capacity. We support charter schools in understanding the future of your finances, illuminating the short & long-term financial implications of organizational decisions, like capital projects, expansion, instructional models, & compensation strategy.

We have partnered with close to 100 charter school networks of all sizes around the country including many here in Colorado.





CO-FOUNDER & CEO | AFTON PARTNERS

Carrie Stewart

EXPERIENCE

Advisor & Operator

- Advisor to ~60+ charter school networks
- CFO Coach & CoP facilitator
- **Charter school board member!**
- Seminal charter school CFO/COO experience in New Orleans

EXPERTISE

Education Finance

- Financial strategy, planning, & sustainability
- School funding policy
- Financial governance

Partnering for Impactful Financial Governance

Here are Our Learning Outcomes Toward Effective Decision Making



Elevate the ***tangible impact*** that effective financial governance can bring to a school network's sustainability and success



Internalize the ***5 C's of effective financial governance*** – charge, composition, content, collaboration, and cadence



Identify the ***conditions necessary*** to enact and sustain effective financial governance in their networks



Craft ***immediate, practical actions to take*** to implement impactful financial governance that will make you and your organization better



Forces that are constraining public school resources



ESSER

one-time federal funding ended, paired with persistent achievement gaps



Economy

rising costs outpacing revenue growth



Enrollment

declining K12 public school enrollment in many areas across the nation



Employees

talent difficult to find and competitively compensate



Exceptional Needs

increasing student needs individually and in aggregate



Expectations

increasing pressures and expectations for services



Environment

federal policy & funding uncertainty necessitating scenario planning



The “What” and “Why” for Improving Financial Governance

Effective financial governance

Ensures the *sustainability and resiliency of the charter school’s mission* as part of key organizational decision processes while also ensuring compliance is kept, as it is existential to a school’s charter

A time of constrained resources

From federal policy changes to enrollment pressures to rising student needs, we are operating in a time of significant headwinds, reducing our ability to withstand mistakes in decision making

Average boards meet basic needs

We are not in average times. This reality demands sophisticated financial oversight and strategic resource allocation to ensure long-term sustainability.

Inflection points expose gaps

Significant pressures exist that are constraining school resources and putting pressure on decision-making processes. And other inflexion points such as charter schools looking to grow, evolve their strategies, or change leadership all expose weaknesses in governance.

Gaps accelerate into crises

As boards break down, trust between board & leadership becomes broken, poor decisions are made, and the cascading effect is an existential one for some charter schools.



Example decisions where financial governance can have a meaningful impact

Effective financial governance
considers sustainability, resilience,
and compliance in decisions



Choice of school locations



Size and pace of growth plan



Market expansion / contraction



Facility construction



Facility financing



Compensation & benefits strategy



Prioritized instructional & operational strategies



Testimonials: *In general, what is the value to your CMO of having an effective Finance Committee?*

- *“Ensures the promises we are making to kindergartens today are sustainable in the long run.”*
- *“Pressure tests short-term financial decisions in the context of their longer-term impacts.”*
- *“Introduces new creative ideas, which management may not have otherwise considered.”*
- *“Provides thought partnership to the CFO.”*



Testimonials: *What is one tangible impact your Finance Committee had on your CMO?*

- ☐ “Asked questions about enrollment and birth rate patterns that guided size and type of facility acquisition.”*
- ☐ “Set a financial discipline in the annual planning and budget process to restore liquidity to the CMO.”*
- ☐ “Guided the development of a prudent Investment & Liquidity Management policy after financial institution failings.”*
- ☐ “Did not greenlight a new school opening due to an unanticipated recurring revenue shortfall.”*



Pair & Share:

Cite 1 example each **when effective board financial governance led to better financial decisions and execution** at your charter school.

Cite 1 example each **when the absence of effective board financial governance led to missed opportunities** for better financial decisions and execution at your charter school.



There are the five ingredients for implementing financial governance that will promote charter school sustainability

CHARGE

Define roles for CEO, CFO, Finance Committee

COMPOSITION

Build & sustain required skill sets and engagement

CONTENT

Identify & provide materials for sound decision making

COLLABORATION

Build the strategic conversations across CEO, CFO, Board

CADENCE

Meet regularly, with an eye toward seasonal “arc of the year”

And, well-functioning **finance committee is an enabling condition** for your board’s financial governance effectiveness



Clearly Define Roles of CEO, CFO, & Finance Committee



Each of CFO, Finance Committee Chair / Treasurer, CEO has a distinct role



Roles evolve as your school network grows, matures, becomes more complex



Clarity of roles is a first step



Together, the Board and Management are responsible **for ensuring good stewardship of public funds** in addition to **providing a high-quality education for its students**

The board is responsible for oversight:

- Ensure financial health and sustainability
- Prevent fraud and misfeasance

Senior Management is responsible for operations:

- Set the course
- Carry out day-to-day leadership and execution



Each of the Finance Committee Chair, CEO, and CFO play an important role toward effective financial oversight

FINANCE COMM CHAIR

- Leads the board through all financial matters
- Ensures financial goals are aligned with academic goals
- Sets the calendar, cadence, agenda, content expectations
- Asks the key questions on enrollment, funding, resource allocation, financing options and facility affordability

CHIEF FINANCIAL OFFICER

- Runs the internal financial management of the organization, inclusive of day-to-day requirements, strategic investments, and long-term commitments
- In-house expert and owner of the finance function, accountable for all relevant activities of financial operations

CHIEF EXECUTIVE OFFICER

- Sets the strategy of the organization and approves key financial investments and budget allocations
- Accountable for the delegation and approval to allocate key financial resources of the organization
- Creates conditions for an active and engaged board in financial oversight

Consider how these roles might evolve as your organization grows, matures, and becomes more complex.



Finance Committee carries out the principal aspects of the board's financial duties, provide valued thought-partnership when making significant financial decisions.



It makes recommendations to the full board on the establishment of fiscal policies and expectations



It monitors to those policies and expectations to guide the full board in upholding its fiduciary responsibilities

A strong finance committee can help the full board be strategic on the most impactful organizational decisions

Finance Committee

Examples of relevant topics:

- Preliminary budget “deep dive”
- Real estate planning and vetting
- Audit approval
- Monthly and/or Quarterly financials
- Financial compliance requirements

Benefits of discussing topics in smaller forums:

- ***This smaller group of experts can help prepare the full board for larger strategic questions***
- More focused on deeper technical issues
- More efficient in addressing financial compliance matters

Full Board

Examples of relevant topics:

- Priorities & trade-offs
- Final budget approval
- Capital commitment approvals: loans, bonds, large grants
- Organizational strategy and growth input

Overall purpose of full board with respect to finances:

- Ensure financial health and sustainability
- Maximize ability to deliver on mission and vision
- Prevent fraud and misfeasance, with support of committee-level oversight and senior management accountability

Getting the composition right

Impact is high when you build & sustain the board's financial skillsets and engagement – need at least 2-3 for the finance committee



Strategy / Business

Leverages financial information toward strategic decisions



Banking

Provides insights and contacts for financing options



Financial Planning & Analysis

Discerns important aspects of financial health and long-term sustainability



Real Estate

Provides extra guidance during facility planning and construction



Meet regularly with an eye toward the “arc” of the year

PRESCHEDULED DATES



SEQUENCE DEEP DIVES



MAP OUT APPROVALS



Arc of the Year - Seasonal Guide for Board Discussions

RELEVANT TO THE FULL BOARD AND THE FINANCE COMMITTEE

**July -
Oct**

Review interim
year end
results

Hard look at
actual new
year enrollment

Receive prior
year audit
update &
approve

**Nov
-Dec**

Begin next year
planning for
org-wide and
school-level
priorities

Begin
discussions on
next year
financial goals

Review prior
year IRS Form
990

**Jan -
Mar**

Set next year's
financial
targets

Discuss
enrollment,
revenue, and
compensation
forecasts

**April -
May**

Review
iterative new
year budget
drafts

Review
updates to
financial
policies

Set committee
meetings,
priorities, and
goals for new
year

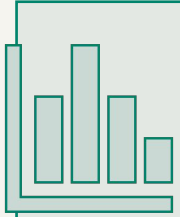
June

Review coming
year's
enrollment
projection

Approve new
year's budget

Approve
updates to
financial
policies

Financial materials that elevate what is needed for organizational decision making



Long term sustainability



Budget alignment to
established plan & priorities



Credit metrics



KPIs / Financial Indicators

Standard reporting for the finance committee

YOUR STANDARD REPORTING ENABLES:

- Monitoring of liquidity
- Monitoring of actual financial results in connection with goals
- Guidance of any major organizational decisions (e.g., borrowing and capital decisions)

THUS, EACH MEETING, YOU CAN DISCUSS:

- Cash position and projections
- Year to date financial statements & budget variance
- Enrollment status
- Any major transactions being contemplated

Financial dashboards and a one-pager summary can be great supplements to the standard monthly financial statements



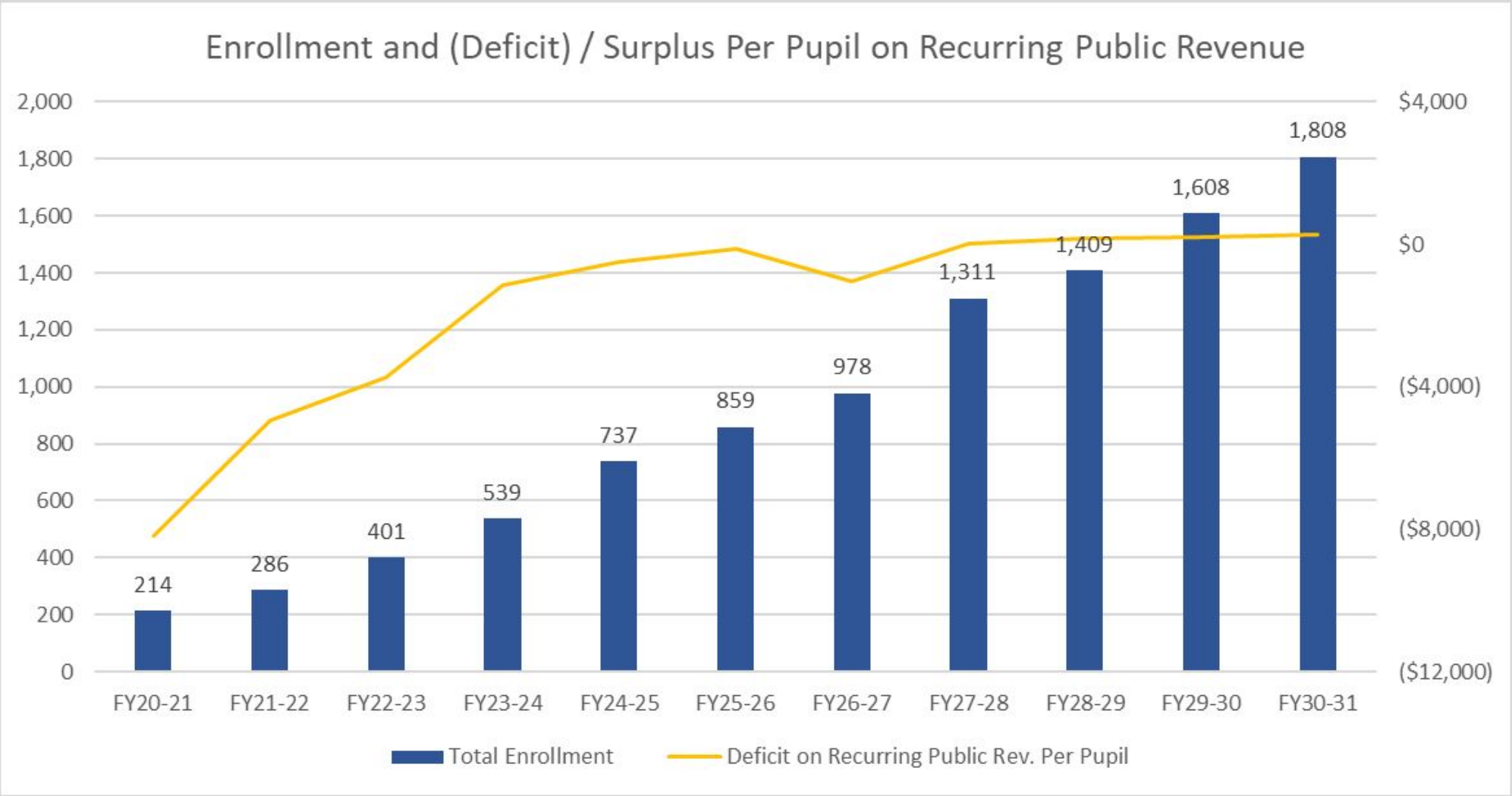
What can this look like in practice? What are example KPIs?

Standard Metrics: to use at every Finance Committee meeting

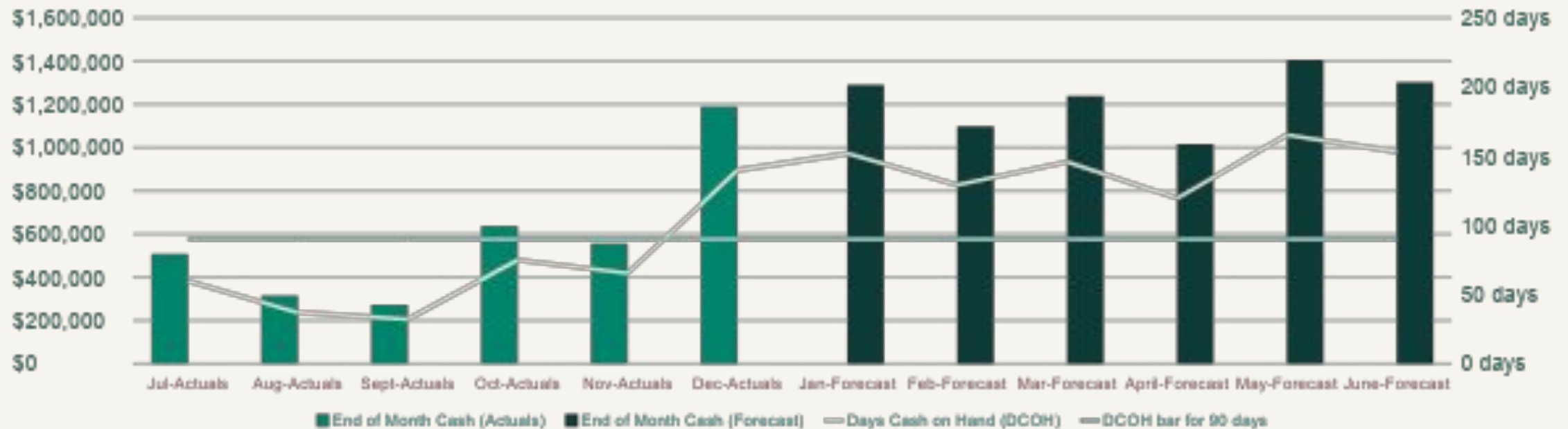
Target and Criteria	Red	Yellow	Green	Notes (examples)
CASH			132 Days	+ Dec 31 cash balance was \$5.0M (103 days of current expenses) + Forecasted 6/30 cash of \$5.2M is 103 days of FYYY expenses. + Higher cash inflow are expected April-June with reimbursable grants being funded, and philanthropy grant X being funded. + See tab in workbook for monthly cash detail.
Target criteria: Maintain cash to cover monthly operating expenses	< 45 days	45 days - 90 days	>= 90 days	
ENROLLMENT		95% of target		See following sheet for year over year enrollment details and performance compared to budget.
Target: Count-day students as % of plan	90% - 95%	95% - 97%	>= 98%	
NET ASSETS		Net Assets forecasted to be 20% of Budget		+ Net Income budget target for the year is \$900K, and forecasted net income estimated to have a favorable variance of approx. \$100K + Increased liabilities are forecasted for end of year borrowing will lower net assets
Target : Grow Net Assets to \$X.XM (~35% of expenses)	<10%	10% - 25%	Net Assets >25% of expenses	
FUNDRAISING	35% of annual target through December			+ First 6 months of collections are \$1.7M, >50% of \$2.9M target; + \$2.3M is committed for the entire year + The annual fundraising target was \$2.2M without facility + "Phase I" (FY20-FY25) goal of \$8.3M is 75% complete with \$6.2M of collections and commitments FY20 - FY25
Target: Meet annual fundraising target of [\$X.XM]	< 40% through Dec. <90 % through Jun	> 40% through mid-year >100% through end of year	> 50% through mid-year >100% through end of year	
BUDGET			Expenses tracking to 98% of budget	+ Through the first 6 months of the year, consolidated expenses are tracking to 98% of pro-rated full year budget. + Lower expenses are expected in the second half of year.
Target: control spending w/in reasonable percent of budget	Forecast > +/- 5% of annual budget	Forecast within +/- 2% to 5% of annual budget	Forecast within +/- 2% of annual budget	



Longer term affordability and sustainability informs today's decisions



Cash: monthly historical and forecasted estimates for year



Liquidity and total cash should be monitored and reported every month

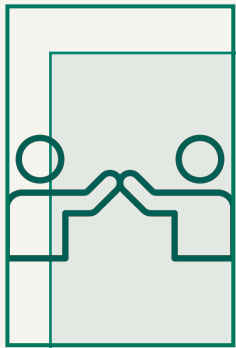
Days Cash on Hand (“DCOH”) can help convert the nominal amount into a scaled metric that matters

Outputs like this can become manual when put into slides; however some form of quick metric (even if just DCOH) can help finance board members and laypersons to quickly see if the numbers are good, bad or in the middle

Enrollment by Grade Level With Historical Detail

	<u>FY23-24</u>				<u>FY24-25</u>				<u>FY25-26</u>		
	FY24-B	FY24-A	+/- Budget		FY25-B	FY25-A	+/- Budget		FY26-B	FY26-A	+/- Budget
Enrollment by Grade Level											
Grade 9	550	554	4		554	552	-2		542	n/a	n/a
Grade 10	625	623	-2		623	600	-15		547	n/a	n/a
Grade 11	595	603	8		603	618	10		545	n/a	n/a
Grade 12	573	576	3		576	589	5		598	n/a	n/a
Enrollment Total	2,343	2,356	13		2,356	2,359	(2)		2,232	-	-
Attrition / Additions for Rising Grade Levels											
	<u>FY21 into FY22</u>				<u>FY22 into FY23</u>						
Grade 9	n/a	n/a	n/a		n/a	n/a			n/a	n/a	n/a
Grade 10	10	15	5		73	46	(27)		(5)	n/a	n/a
Grade 11	(5)	(20)	(15)		(22)	(5)	17		545	n/a	n/a
Grade 12	(5)	(20)	(15)		(19)	(14)	5		598	n/a	n/a
Total Attrition	0	(25)	(25)		32	27	(5)		1,138	0	0

Healthy discussion, strategic planning, and decision making is the outcome



Make time



Establish trust



Use engagement mindset

How might you successfully launch or reinvigorate a board finance committee?

Align ED, Board Chair, Finance Lead on prioritizing this committee, including a commitment for the board to be populated with engaged, financially-literate members who are willing to meet at least bi-monthly if not monthly

Name a committee chair and ensure a relationship is cultivated between management & the committee chair

Ensure the committee chair creates a role description for the committee in alignment with management

Calendar the entire fiscal year of finance committee meetings, upfront

Determine a format for your financial reporting for the committee alongside your accounting provider – start with something simple and do-able, then later name what you might build toward



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Develop your action plan

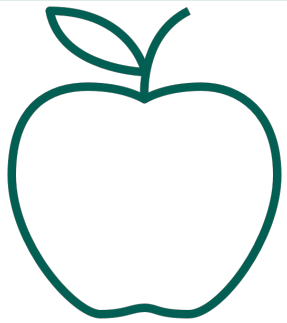


Additional resources on these topics

- **What Great Charter School Board Treasurers Do:** CSGF, Rich Billings ([link](#))
- **Finance Committee Roles & Responsibilities, Arc of Year, Meeting Cadence:** KIPP Foundation, Afton Partners ([link](#))
- **Financial Dashboard Example:** CSGF, Afton Partners ([link](#))
- **More Sample Financial Dashboards** ([link](#))
- **Fraud Prevention Top 10 Checklist** ([link](#))
- **Questions Great Board Treasurers Ask About the Annual Budget** ([link](#))



Final Reflection



What did you learn that was a new reflection?



What is one action you will take from today's discussion?



HOW DID WE DO?

Please take a moment to help us improve.





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CHARTER SCHOOLS

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