

Report to Green Pastures Quarterly Meeting
 Saturday, April 16, 2015
 Joan Sampieri, Assistant Clerk, Friends School in Detroit

This report is an update to the report made to the Quarter in September 2015.

The most current financial information (as of 11 April 2015) from the FSD's Interim Head of School who also serves as the admissions director and in some respects as the business administrator for the school is that:

- The current enrollment at the school is 84 students.
- The state has a \$23,000 levy against our Bank of America checking account for unpaid unemployment insurance
 - The total outstanding amount for unemployment insurance is currently \$48,129.03
- There is a lien against the building for \$11,500 for water and sewer charges
- The mortgage (which the school has again stopped paying) is \$501,217.35
- A second mortgage, held by Quaker lenders, amounts to \$80,000 plus interest
- Faculty and staff are owed \$136,000 in unpaid payroll which does not include interest on the amount
- Loans from members of the board, parents at the school and one that was discovered last year when the lender made a demand total \$85,000
- The school owes DTE \$76,000 for unpaid gas and electric charges
- We have an unpaid insurance deductible claim of \$5,000 outstanding
- And Marta believes that miscellaneous unpaid bills add up to another \$5,000
- The current total of outstanding/unpaid debt is \$949,717.35

Tuition income to the end of the year will amount to approximately \$54,718 but the remaining salary expenses, including taxes will be about \$140,000.

Remittance Date	Planned Payments	Remitted To School	Paid Directly	Total Receipts	Pending Remittance	Remaining Balance
05/11/2015	\$1,672	\$0	\$0	\$0	\$0	\$1,672
05/13/2015	\$879	\$0	\$0	\$0	\$0	\$879
05/26/2015	\$21,529	\$588	\$2	\$589	\$0	\$20,940
06/03/2015	\$5,147	\$0	\$281	\$281	\$0	\$4,867
06/09/2015	\$2,181	\$0	\$52	\$52	\$0	\$2,129
06/15/2015	\$879	\$0	\$0	\$0	\$0	\$879
06/18/2015	\$6,858	\$0	\$74	\$74	\$0	\$6,784
06/23/2015	\$12,397	\$588	\$0	\$588	\$0	\$11,809
07/03/2015	\$4,784	\$0	\$25	\$25	\$0	\$4,759
	\$522,897	\$370,754	\$61,485	\$432,239	\$21,103	\$54,718

Friends School in Detroit has gone through several periods of uncertainty and some of relative stability. At the moment, it is deeply in debt. There are possible solutions on the table

The most recent information we have (as of 11 April 2015) about the future of the school are these:

- The MDOT purchase of the school's building for the Detroit Meeting
 - The school proposed a \$1.2 million sale price to cover the 1st and 2nd mortgage and

- other debts and to bring the building up to code
 - MDOT has not yet either accepted or rejected the request although there is anticipation that information will be forthcoming this month
 - If MDOT agrees to the amount as proposed, the Detroit Monthly Meeting will need to come to unity on moving forward with FSD as a tenant or not
- The board has agreed to list the building for sale and if the MDOT sale does not go through, the proceeds from the sale will be used to pay the debts
- There is a possibility that a piece of art will be offered for sale by James Turrell to help pay the debts and the estimates indicate the benefit to the school could be six figures
- The board is also considering a move to a shared space with mid-town Montessori. It is exploring the cost of rental and moving and if enough parents would move with the school or if new parents would enroll
- Finally, the school could sell the building, pay its debts and close either temporarily or permanently
- Draft budgets and planning for each of these contingencies is underway

If the school were to remain open in whatever form it is able to take, there are some changes to board process that can be instituted that can help going forward:

- Accurate and timely financial records
 - Although the board requested that a bookkeeper be hired, one never was.
 - There are no financial statements and haven't been since September, which has made decision-making, problematic.
- Training for incoming clerks on Quaker decision-making process
- Annual training for all board members in the role of the board
 - To meet the budget in the past, critical positions (bookkeeper and business manager) were cut
 - To keep costs down, a full-time director of development was not hired
 - These and other shortcuts meant that board members often took on the role of staff and did not attend to the critical strategic and oversight responsibilities that have led to hurried decisions, not enough important information, and a level of frustration for everyone involved
 - Lack of understanding of the board's role also leads to a lack of cohesion at the board level and encourages ad hoc behavior on the part of board members who mean well but who don't realize that they cannot speak for the board - it becomes "whisper down the lane" at its finest and complicates already complex issues
 - A much stronger Quaker culture that focuses on Quaker Faith and Practice so as not to let slide the issues that find us not paying taxes or our staff
 - Encouraging open communication about the problems in order to find solutions, not hoping that the problems will somehow be solved