

## Scattergood Financial Report for the 2024/2025 School Year

To the members of Iowa Yearly Meeting (Conservative),

Scattergood Friends Schools, like many organizations, finds itself in a challenging financial situation brought about by internal and external factors that must be addressed. While these current issues are similar to previous challenges, there are some factors that are unique to this moment in our history. In this report we outline the factors that have contributed to our current position and the steps we are taking and intend to take moving forward, while also recognizing that there will be a need for both short and long-term initiatives.

The most striking figure from the financial report on fiscal year 2024/2025 is the year-end deficit of approximately \$500,000. This figure is, indeed, alarming, and requires explanation. The two factors that contributed most to our deficit are tuition revenue being significantly lower than anticipated, and a decrease in our ability to draw down the full Measey Foundation disbursement due to restrictions on those funds. The limit on our ability to utilize Measey Foundation funds has been exacerbated by our decision to freeze tuition for three years during the rollout of the state ESA program. These two factors together come to a total of \$513,614.

While the deficit of the past year was larger than anticipated, the Consultation and Finance Committee recognized the need for increased focus on this area of our operations and support for our business office. This committee and business office focused much of their energy on three specific areas: a particularly challenging transition between accounting software, the management of our cash flow, and ensuring a budget for the 2025/2026 fiscal year that meets a more sustainable spending level.

In May, the school committee approved and minuted the decision for a deficit level no greater than \$75,000 for the coming year. The school committee also instructed the school to take steps necessary to meet that deficit level, including re-evaluating vendor contracts, reducing spending in ways that do not negatively impact the student experience, and staffing reductions and restructuring to reflect the current level of enrollment. The budget for the 2025/2026 school year reflects that deficit level and was achieved by utilizing the aforementioned methods, and the authorization of tuition increases, matched by increased tuition assistance, allowing us to utilize restricted funds without raising out of pocket expenses for families.

In the coming years, we will need to reconcile our twin objectives of 1) retaining our current level of financial support to families and 2) the increasingly complex challenge of fairly compensating employees during a period of heavy inflation and financial uncertainty. To do so, we will need to utilize all resources at our disposal combined with creative marketing strategies that allow us to raise our tuition rates for those who can afford it, while also making clear our continued commitment to providing access to students from all socio-economic backgrounds. Finally, we must also ensure that we are admitting students who are a good fit for our program, regardless of their financial capacity.

Respectfully submitted,  
John Zimmerman