

Exhibit 21

KINSTON CHARTER ACADEMY
2000 Martin Luther King, Jr. Blvd.
Kinston, NC 28501

BOARD OF DIRECTORS REGULAR MEETING

October 16, 2012

The meeting was called to order by D. McDonald-Hall. The invocation was given by D. Orr. Roll call was taken. The following were in attendance:

Board Members Present

D. McDonald-Hall
L. McKnight
M. Mack (by phone)

Staff Present

O. Hall, CEO/Principal for Kinston Charter Academy
D. Orr, Recording Secretary

Board Members Absent

J. Armstrong

Guests

None

A motion was made to adopt the previous minutes with amendment. The motion was approved by the Board.

O. Hall gave the Executive Director's Report which included the following items:

There are additional bids to replace the HVAC Unit over the Band Room and the five Liebert Units in the Multi-Purpose Room. O. Hall said that we do not have the funding to replace them now, but they will need to be eventually replaced when funding does become available.

There is still the possibility that an additional bus may need to be purchased before the end of the year. If a bus is not purchased, repairs may need to be made to some of the buses that are not running.

O. Hall reported that there will be a revenue shortfall because we did not enroll the 372 students as was planned. The ADM is only around 300 students at present which will result in the budget being short approximately \$500,000.00. Some cuts to payroll and other expenses will be required to reduce expenses. We will also have a cash flow problems since the Department of Public Instruction has changed its policy regarding disbursement of funds. Several scenarios were presented by Mr. Hall.

The Race-to-the-Top Program is being reviewed to consider whether the school should remain in the program or exit out. We have technically two years left in the program. There is approximately \$400,000.00 in mandates, and they only give \$25,000.00 a year for 3 years. This program adds multiple unfunded mandates and works against the interest of the school.

The Explore Test will start on Thursday, October 17th. This is an eighth-grade placement test which is state required and has to be completed by October 31st.

For curriculum instruction, the Study Island Program is being used to collect data on how students are progressing. We are doing a tutoring program where students are targeted that need tutoring and special assistance. We have met with tutors twice so far. There is one last training session next week. The program will start up the following week, and they will start seeing students. There will be approximately 150 students involved in this program. This program is need to assure that the school makes expected growth.

The audit report prepared by Larry Carpenter CPAs is in which shows a \$54,000.00 deficit in the Child Nutrition Program. Issues in the past that caused this deficit have been resolved and it is anticipated it will be corrected in our next audit report.

The smart boards in the computer labs are up and running and all the computers are available for use now.

O. Hall will contact B. Taylor who specializes in grant writing to see if a meeting can be set up to help with our fundraising needs.

The audit report by Larry Carpenter CPAs has been presented for review and discussion to the Board. O. Hall asked Board members to check for any type of errors or corrections that may need to be made. The report presently shows a surplus of \$49,000.00 at the end of the fiscal year, June 30, 2012. This is the first time in the history of the school that we do not have a deficit. There are no audit findings of any significance. The audit report is due to the local government commission by October 31st.

A draft financial statement prepared by Thomas & Gibbs for three months ended September 30, 2012, was presented to the Board for review.

Under New Business, D. McDonald-Hall informed the Board of a potential new Board member, Sylvester Bailey, III. He will be invited to the next meeting. D. McDonald-Hall will forward his resume to all Board members for review.

The next Board meeting will be on Wednesday, November 14, 2012, at 6:00 p.m.

D. McDonald-Hall made a request that we terminate board meeting paper packets and convert to electronic packets for each Board member which would save time and resources. She also suggested to have Board business meetings in the computer lab and still hold hearings in the Board room. One master copy would be maintained and kept in the general office for legal purposes besides the minute book that we already have.

A motion was made to adopt a policy that we have electronic Board packets and have one master copy of the Board packet if we deem it necessary for legal purposes that's maintained in a general office. The motion was approved by the Board.

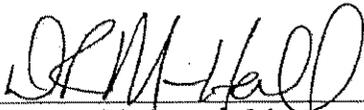
A motion was made by M. Mack to allow participation by multiple modes of presence in Board meetings by either electronic or physical presence, and that we have Board meetings that allow us to have a presence by electronic means for conference calls so long as it allows for an actual live presence which would allow board members to be heard by anyone that would attend the meeting. He moved to allow alternate electronic means of conducting Board meetings either by Skype or video conferencing. The motion was approved by the Board.

A motion was made for the Board to go into Closed Session. The motion was passed by the Board.

A motion was made to return to Open Session. The motion was approved.

A motion was made to adjourn. The motion was passed unanimously.

Date Approved: 11-14-2012



Chairman of the Board

Attest: 

Board Secretary