



Magnolia Public Schools

Board Meeting

Date and Time

Thursday August 11, 2016 at 5:00 PM

Location

MPS Home Office: 250 E. 1st St Ste. 1500 Los Angeles, CA 90012

AGENDA

Regular Meeting of the MPS Board of Directors

Access to the Board Meeting: Any interested parties or community members from remote locations may attend the meeting at the following school sites or the addresses where the Board members are joining the meeting from:

Remotely by dialing in to the numbers below:

Open Session- Dial: 1.844.572.5683 Code: 1948435

- 1426 Horizon Ct San Marcos, CA 92078 (Dr. Salih Dikbas)
- 1020 South Olive Street, 7th Floor Los Angeles, CA 90015 (Mrs. Noel Unterburger)
- 449 36th Street #2 Brooklyn, NY 11232 (Mr. Nguyen Huynh)
- 1363 Ridgecrest Rd Pinole CA 94564 (Serdar Orazov)
- 4831 E. Copa de Oro Dr. Anaheim, CA 92807 (Dr. Remzi Oten)

In compliance with the Americans with Disabilities Act (ADA) and upon request, Magnolia Public Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Individuals who require appropriate alternative modification of the agenda in order to participate in Board meetings are invited to contact the MPS central office. If you need special assistance to attend the meeting, please notify Barbara Torres at (213) 628.3634 x100 to make arrangements and accommodate your disability.

Any public records relating to an agenda item for an open session of the Board which are distributed to all, or a majority of all, of the Board members shall be available for public inspection at 250 East 1st Street Los Angeles, CA 90012.

MPS Board Members:

Dr. Umit Yapanel, President

Ms. Noel Russell- Unterburger, Treasurer

Dr. Saken Sherkhonov, Secretary

Dr. Salih Dikbas
Dr. Ali Korkmaz
Dr. Remzi Oten
Mr. Serdar Orazov
Ms. Diane Gonzalez
Mr. Nguyen Huynh

CEO & Superintendent:
Dr. Caprice Young

Notice of Closed Session Agenda Items

Due to space limitations on the following pages of the agenda, notice of closed session agenda items is provided here.

IV A. Conference with Legal Counsel—Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section
54956.9: two cases

IV B. Conference with Real Property Negotiators
Property: 6901 Lennox Ave. Van Nuys CA
Agency negotiator: Frank Gonzalez
Negotiating parties: Mid Valley Boys and Girls Club
Under negotiation: price and terms of payment

Agenda

	Purpose	Presenter	Duration
I. Opening Items			
A. Record Attendance and Guests			1
B. Call the Meeting to Order			1
C. Flag Salute			1
D. Approval of the Agenda	Vote		1
E. Public Comment			5
F. Oral Communications			5
G. Approve Minutes of Regular Board Meeting- July 21, 2016	Approve Minutes		1
II. Consent Agenda			
A. Approval of Bloodborne Pathogens Policy	Vote	Kelly Hourigan	1
B. Approval of Material Revision to Magnolia Science Academy-1	Vote	Kelly Hourigan	1
C. Approval of MPS 2016-17 Committee Calendars	Vote	Kelly Hourigan	1
D. Approval of Revisions to the MPS Financial Policy Manual	Vote	Oswaldo Diaz	1
E. Approval of Address Change in Bylaws	Vote	Caprice Young	1
F. Approval of RFP for 2016-17 Magnolia Science Academy Santa Ana Vended Meals	Vote	Kelly Hourigan	1
G. Approval of RFP for 2016-17 Magnolia Science Academy Santa Ana for iMacs Lease	Vote	Kelly Hourigan	1
III. Action Items			
A. MPS Board Officers Re-elections	Vote	Caprice Young	3
B. Approval of MSA 1-RFP Architecture and Engineering Contract Award for New Building	Vote	Frank Gonzalez	5
C. Approval of MSA San Diego RFP Architecture and Engineering Contract Award for the DeAnza Site	Vote	Frank Gonzalez	5
D. Reconsideration of 2016-17 MPS Home Office Budget	Vote	Oswaldo Diaz	15
E. Approval of Revised CMO Cost Allocation Table and Reserve for Economic Uncertainties	Vote	Oswaldo Diaz	10
IV. Closed Session			

A. Conference with Legal Council: two cases	Discuss	Caprice Young	15
B. Conference with Real Property Negotiators: One Case	Discuss	Frank Gonzalez	5
C. Communications Regarding Potential Litigation (Amsterdam and Associates) Report 1	Discuss	Caprice Young	5
D. Communications Regarding Potential Litigation (Amsterdam and Associates) Report 2	Discuss	Caprice Young	5
E. Public Employment Performance Evaluation: Chief Executive Officer and Superintendent	Discuss	Umit Yapanel	20

V. Closing Items

A. Adjourn Meeting	Vote
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Cover Sheet

Approve Minutes of Regular Board Meeting- July 21, 2016

Section: I. Opening Items
Item: G. Approve Minutes of Regular Board Meeting- July 21, 2016
Purpose: Approve Minutes
Submitted by:



Magnolia Public Schools

Minutes

Board Meeting

Date and Time

Thursday July 21, 2016 at 6:00 PM

Location

Teleconference Dial: 1.844.572.5683 Code: 1948435

AGENDA

Regular Meeting of the MPS Board of Directors

MPS Board Members:

Dr. Umit Yapanel, President
Ms. Noel Russell- Unterburger, Treasurer
Dr. Saken Sherkhanov, Secretary
Dr. Salih Dikbas
Dr. Ali Korkmaz
Dr. Remzi Oten
Mr. Serdar Orazov
Ms. Diane Gonzalez
Mr. Nguyen Huynh

CEO & Superintendent:

Dr. Caprice Young

Notice of Closed Session Agenda Items

Due to space limitations on the following pages of the agenda, notice of closed session agenda items is provided here.

VI A. Conference with Legal Counsel—Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section
54956.9: one case

VI B. Conference with Real Property Negotiators

Property: 6725 Kester Ave Van Nuys, CA
Agency negotiator: Frank Gonzalez
Negotiating parties: Marcus and Millichap
Under negotiation: price and terms of payment

- VI B. Conference with Real Property Negotiators
Property: 6901 Lennox Ave. Van Nuys CA
Agency negotiator: Frank Gonzalez
Negotiating parties: Mid Valley Boys and Girls Club
Under negotiation: price and terms of payment
-

Directors Present

Directors Absent

None

I. Opening Items

A. Record Attendance and Guests

The meeting was conducted on two separate dates, for specific attendance please refer to individual votes on action items. On July 21st, 2016 the following board members were absent, U. Yapanel and S. Sherkhanov. On July 26th when the meeting reconvened, the following board members were absent; R. Oten and S. Sherkhanov.

B. Call the Meeting to Order

N. Russell-Unterburger called a meeting of the board of directors of Magnolia Public Schools to order on Thursday Jul 21, 2016 @ 6:07 PM at Teleconference Dial: 1.844.572.5683 Code: 1948435.
The meeting was recessed on July 21, 2016 at 7:30 pm and reconvened July 26, 2016 at 6:00 pm. Time and date of reconvening was announced to the public during the call on July 21st as well as posted on the MPS website.

C. Flag Salute

The Flag salute was led by MPS staff.

D. Approval of the Agenda

N. Unterburger made a motion to approve the agenda as presented. D. Gonzalez seconded. The motion was passed unanimously.

E. Public Comment

There were no public comments.

F. Oral Communications

No oral communications to report.

G. Approve Minutes of Annual Regular Board Meeting- June 06, 2016

N. Russell-Unterburger made a motion to approve minutes from the Board Meeting on 06-06-16.

S. Orazov seconded the motion.

The board **VOTED** unanimously to approve the motion.

H. Approve Minutes of Special Board Meeting- June 13, 2016

N. Russell-Unterburger made a motion to approve minutes from the Special Board Meeting on 06-13-16.

S. Orazov seconded the motion.

The board **VOTED** unanimously to approve the motion.

I. Approve Minutes of Special Board Meeting- June 28, 2016

N. Russell-Unterburger made a motion to approve minutes from Special Board Meeting on 06-28-16.

S. Orazov seconded the motion.

The board **VOTED** unanimously to approve the motion.

II. Consent Agenda

A. Approval of Changes in Credit Card Usage Policy

This item was approved under consent agenda.

N. Huynh made a motion to approve the changes in the credit card usage policy.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

B. Approval of New Student Policies

This item was approved under consent agenda.

N. Huynh made a motion to approve the new student policies.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

C. Approval of 2016-17 Student/Parent Handbook

This item was approved under consent agenda.

N. Huynh made a motion to approve the 2016-17 Student/Parent Handbook.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

D. Approval of 2016-17 Employee Handbook

This item was approved under consent agenda.

N. Huynh made a motion to approve the 2016-17 employee handbook.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

E. Approval of Routine Services Contracts for 2016-17 over \$25,000

This item was approved under consent agenda.

N. Huynh made a motion to approve routine services contracts over \$25,000 for 2016-17.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

F. Approval of Updated English Learner Plan

This item was approved under consent agenda.

N. Huynh made a motion to approve the updated english learner master plan.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

G. Approval of McGraw-Hill Curriculum Purchase for Supplemental Materials

This item was approved under consent agenda.

N. Huynh made a motion to approve the McGraw Hill curriculum purchase for supplemental material.

D. Gonzalez seconded the motion.

The board **VOTED** unanimously to approve the motion.

III. Other Action Items

A. Reconsideration of Home Office 2016-17 Budget

The 2016-17 MPS Home Office budget was presented to the Board again as action had been postponed during the last Board meeting. U. Yapanel, MPS board president, requested an update from the MPS Finance Committee in regards to what was discussed during the Finance Committee Meeting in regards to the presented budget. S. Orazov, finance committee member, explained the concerns he had with the presented budget. C. Young, Chief Executive Officer, explained the need and the reasoning for the salary increases for home office staff. She explained that due to all the extra requests that outside agencies have requested from MPS, home office staff have been working on much more assignments than they would have under their regular duties. N. Unterburger, board member, added that these increases would not be repeated year after year and should be looked at as a long term increase. She requested that MPS staff create measurable objectives for c team members and present those back to her and any board member who would like more detail. S. Dikbas, board member, suggested that MPS create a bonus system to give to home office staff rather than an increase in salary. He explained that the bonus would be best applied as it would allow staff to be compensated for their hard work and temporary extra duties. Per N. Unterburger, C. Young explained the possible effects of not approving the budget as presented. The board directed staff to revised the presented budget without changing the reserve numbers. No actions were taken, MPS home office continues to operate under the 2015-16 approved budget. This item was tabled for further discussion during the next board meeting.

D. Gonzalez left early.

B. Approval of Revised CMO Cost Allocation Table and Reserve for Economic Uncertainties

This item was tabled for discussion at the August MPS Board Meeting.

C. Resolution Authorizing Submission of Renewal Charter Petitions for Magnolia Science Academies 1,2,&3

K. Hourigan, Chief Operations Officer, explained that Magnolia Science Academy 1-3 were up for renewal. She explained the routine item of obtaining signed resolutions and what stepped would follow. K. Hourigan addressed all questions.

U. Yapanel made a motion to approve the resolution that authorizes submission of renewal charter petitions for Magnolia Science Academy-1, Magnolia Science Academy-2, and Magnolia Science Academy-3.

N. Russell-Unterburger seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

U. Yapanel	Aye
S. Orazov	Aye
R. Oten	Absent
N. Huynh	Aye
S. Dikbas	Aye
A. Korkmaz	Aye
D. Gonzalez	Absent
N. Russell-Unterburger	Aye

S. Sherkhanov Absent

D. Approval of Updated MPS Conflict of Interest Code and Policy

K. Hourigan, Chief Operations Officer, explained the changes that were made to the conflict of interest code. All questions were addressed.

S. Dikbas made a motion to approve.

N. Huynh seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

R. Oten Absent
U. Yapanel Aye
S. Orazov Aye
S. Dikbas Aye
S. Sherkhanov Absent
A. Korkmaz Aye
N. Huynh Aye
D. Gonzalez Absent
N. Russell-Unterburger Aye

E. Approval of RFP for Substitute Teacher Companies

K. Hourigan, Chief Operations Officer, explained the RFP process for the substitute contracts. She addressed all questions.

U. Yapanel made a motion to approve the recommended substitute teacher companies for the 2016-17. The companies included, The Education Team, Appleton, 21st Century Staffing, Teachers on Reserve.

S. Orazov seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

D. Gonzalez Absent
N. Huynh Aye
R. Oten Absent
S. Orazov Absent
U. Yapanel Aye
S. Dikbas Aye
N. Russell-Unterburger Aye
S. Sherkhanov Absent
A. Korkmaz Aye
S. Orazov left early.

IV. Facilities Related Approvals

A. Approval of MSA Santa Ana RFP Furniture Bid Award

K. Hourigan, Chief Operations Officer, explained the RFP conducted for MSA Santa Ana Furniture purchase. She explained the evaluation process. All questions were addressed.

U. Yapanel made a motion to authorize the CEO or a designee to award contract(s) for furniture and equipment to Hertz Furniture for MSA Santa Ana.

N. Huynh seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

U. Yapanel Aye
S. Sherkhanov Absent
S. Orazov Absent
N. Huynh Aye
A. Korkmaz Aye

S. Dikbas	Aye
N. Russell-Unterburger	Aye
R. Oten	Absent
D. Gonzalez	Absent

B. Approval MSA 7 RFP Architecture and Engineering Contract Award, Expansion

K. Hourigan, Chief Operations Officer, presented the MSA 7 Architecture and Engineering RFP item to the Board. She went over the bidding process and explained the details of the contract. All questions were addressed.

U. Yapanel made a motion to authorize the CEO or a designee to award the contract for architecture and engineering services to Franco Architects Inc.

S. Dikbas seconded the motion.

The board **VOTED** unanimously to approve the motion.

Roll Call

D. Gonzalez	Absent
N. Russell-Unterburger	Aye
N. Huynh	Aye
A. Korkmaz	Aye
S. Orazov	Absent
S. Dikbas	Aye
U. Yapanel	Aye
S. Sherkhanov	Absent
R. Oten	Absent

V. Information Items

A. MSA Santa Clara Closure Procedure Update

Written report was provided, there was no further discussion.

B. 2016-17 Teacher Hiring and Retention

Written report was provided, there was no further discussion.

C. Financial Update- May 2016

Written report was provided, there was no further discussion.

VI. Closed Session

A. Litigation Update: Implementation of LAUSD Settlement Agreement

This item was discussed, no actions were taken.

B. Conference with Real Property Negotiators: Two Cases

This item was not discussed, it was tabled for discussion during the next board meeting.

C. Communications Regarding Potential Litigation (Amsterdam and Associates) Report 1

This item was not discussed, it was tabled for discussion during the next board meeting.

D. Communications Regarding Potential Litigation (Amsterdam and Associates) Report 2

This item was not discussed, it was tabled for discussion during the next board meeting.

E. Public Employment Performance Evaluation: Chief Executive Officer and Superintendent

This item was not discussed, it was tabled for discussion during the next board meeting.

VII. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:30 PM.

Respectfully Submitted,
U. Yapanel

Cover Sheet

Approval of Bloodborne Pathogens Policy

Section: II. Consent Agenda
Item: A. Approval of Bloodborne Pathogens Policy
Purpose: Vote
Submitted by:
Related Material: II A Bloodborne Pathogen Policy.pdf



Board Agenda Item #	Agenda # II A
Date:	August 11, 2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Kelly Hourigan, Chief Operations Officer
RE:	Bloodborne Pathogen Policy

Proposed Board Recommendation

I move that the board approve the new bloodborne pathogen policy.

Background

Staff safety is a high priority for our organization. The attached bloodborne pathogen policy is aligned with the state requirements to assure all of our staff are trained and aware of the steps to follow to assure safety. In alignment with the policy, our staff will all be required to complete an online training through CharterSafe to assure clear understandings.

Budget Implications

There are no budget implications.

Name of Staff Originator:

Kelly Hourigan, Chief Operations Officer

Attachments

Bloodborne Pathogen Policy

Bloodborne Pathogens Exposure Control Plan

Magnolia Public Schools

July 2016

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Purpose:

The Bloodborne Pathogens Exposure Control Plan has been developed by <CHARTER SCHOOL> (The School) to promote safe work practices for employees in an effort to reduce occupational exposure to hepatitis virus' (HBV, HCV, HIV) and other Bloodborne pathogens as outlined in the California Code of Regulations (CCR) Title 8, Section 5193.

The objectives of this plan are to protect school employees from health hazards associated with bloodborne pathogens, and to provide the appropriate treatment and counseling should an employee be exposed to bloodborne pathogens. The School believes that there are several good, general principles that should be followed by school employees when working with or if exposed to, bloodborne pathogens. These include:

1. Being prudent and wise in their work to minimize exposure to bloodborne pathogens.
2. Never underestimate the risk of exposure to bloodborne pathogens.
3. The District shall work to institute as many engineering and work practice controls as possible to minimize or eliminate employee exposure to bloodborne pathogens.

To ensure that the plan is kept current, it will be reviewed and updated as follows:

1. At least annually.
2. Whenever new or modified work tasks or procedures are implemented that may affect occupational exposure to employees.
3. Whenever an employee is exposed to Bloodborne pathogens.

The plan is available for review by employees at any time. A copy of the plan is located in:

1. Human Resources
2. Administration

Bloodborne Pathogens Program Coordinator:

Name: Kelly Hourigan, Chief Operations Officer

Phone: (213)628-3634

Program Responsibilities:

The responsibilities for this program are central to the effective implementation of the Exposure Control Program. All school employees are, in part, responsible for the effective implementation of this program as specifically outlined below:

Program Coordinator:

- Working with all levels of employees to develop and administer the policies or practices required to support the effective implementation of this program.
- Collecting and maintaining a suitable reference library on the bloodborne Pathogens regulation and related health and safety information on the subject.
- Following current legal requirements for implementing an effective program.
- Conducting periodic inspections of the site to maintain up-to-date information on the implementation of the program.
- Implementing suitable bloodborne pathogen training programs for employees.
- Maintaining an up-to-date list of employees requiring this training as well as maintaining the appropriate documentation showing the training was completed (i.e.; sign-in sheets, tests, etc.)
- Periodically reviewing the training programs with the School Safety Committee (the Committee), and others to ensure that the program includes the appropriate information and that it is being effectively presented to employees.
- Acting as the School's liaison during any Cal/OSHA or Fed/OSHA inspections concerning this program.

Campus Supervisors:

Individual campus supervisors are responsible for working directly with the Program Coordinator to ensure that the ECP is being effectively implemented.

Employees:

Are responsible for understanding the ECP and implementing its elements (as necessary) including the following items:

- Understanding what work related tasks they perform which may have occupational exposure to bloodborne pathogens.
- Attending the bloodborne pathogens training sessions as provided.
- Conducting all work practices in accordance with the engineering controls set up and by following established health and safety policies.
- Following good personal hygiene habits.

Infectious Materials Definition:

Infectious materials are defined as any body fluid (except sweat) and broken skin. Specific fluids are: blood, semen, vaginal secretions, breast milk, cerebrospinal fluid, synovial fluid, pleural fluid, pericardial fluid, peritoneal fluid, amniotic fluid and saliva.

Exposure Determination:

The purpose of the exposure determination is to identify individuals at risk of exposure who shall receive training, protective equipment and vaccination.

The School has determined that all employees in the following job classifications and responsibilities have potential occupational exposure:

- a. School Nurse
- b. Health Clerk
- c. Custodians
- d. Maintenance Workers
- e. Special-Ed Teachers
- f. Aides
- g. Teachers
- h. Office Staff

An exposure determination worksheet (Figure 1) shall be completed for each employee position whose duties may cause exposure to Bloodborne pathogens. The determination shall include the potential for exposure, as well as, actual exposure.

Methods of Compliance:

To effectively eliminate or minimize exposure to bloodborne pathogens, the following outlines the methods of compliance to be taken regarding bloodborne pathogens, including:

1. Universal Precautions
2. Establishment of appropriate Engineering Controls
3. Implementation of appropriate Work Practice Controls
4. Use of Personal Protective Equipment
5. Implementation of appropriate Housekeeping Procedures

The Program Coordinator (or designee) is responsible for overseeing the methods of compliance implemented and will review them at least annually with Management, and Safety Committee representatives, and if necessary, outside experts as necessary.

Universal Precautions:

Our site observes the practice of "Universal Precautions" to prevent contact with blood and other potentially infectious materials. Universal precautions include hand washing, gloving (and other personal protective equipment), clean-up and housekeeping techniques used by the School. As a result, all human blood and bodily fluids may be treated as if they are potentially infectious for HBV, HCV, HIV and other bloodborne pathogens.

Engineering Controls:

When necessary, the School shall use available engineering controls to eliminate or minimize employee exposure to bloodborne pathogens. The School employs equipment such as sharps disposal containers, self-sheathing needles and, where appropriate, ventilating laboratory hoods. Figure 3 shows the site surveys conducted (at least annually) which identify the following required items:

- Areas where engineering controls are currently employed
- Areas where engineering controls need updating
- Areas where engineering controls could be implemented

Additional engineering controls in use include:

- Hand washing facilities (or antiseptic hand cleansers and towels or antiseptic towels), which are readily accessible to all employees who have the potential for exposure.
- Containers for contaminated reusable sharps having the following characteristics:
 - Puncture-resistant

- Color-coded or labeled with a biohazard warning label
- Leak-proof on the sides and bottom
- Specimen containers which are:
 - Puncture-resistant, when necessary
 - Color-coded or labeled with a biohazard warning label
 - Leak-proof
- Secondary containers which are:
 - Puncture-resistant, when necessary
 - Color-coded or labeled with a biohazard warning label
 - Leak-proof

Work Practice Controls:

Work practice controls are those that have been implemented to prevent the spread of infectious diseases. Universal precautions include hand washing, gloving (and other personal protective equipment), clean up and housekeeping techniques.

Hand washing:

Because hand washing is the single most important technique for preventing the spread of infectious diseases, the following must be complied with.

- Employees must always wash their hands before eating, before handling clean equipment and utensils, after toileting, or after contact with any bodily secretions or fluids, after removing disposable gloves and after completing custodial tasks.

Gloving (and other personal protective equipment):

Gloves and other personal protective equipment (PPE) is the last line of defense that we have against bloodborne pathogens. Because of the serious nature of diseases passed by blood-to-blood contact (e.g., Hepatitis B and AIDS), it is important to use gloves to prevent the possibility of becoming infected.

Gloves and other PPE should be worn at a minimum under the following conditions:

- At all times when contact is anticipated with blood or other bodily fluids.
- When the wearer has an open sore or cut and is handling bodily fluids or blood.
- When rendering first-aid.
- When cleaning up a spill of blood or body fluids (such as vomit, urine, fecal material or saliva).

To protect employees from exposure PPE such as gloves, safety glasses, goggles or pocket masks are available for use. All PPE shall be inspected periodically and replaced as needed to maintain its effectiveness. Reusable PPE such as safety glasses must be cleaned, laundered and decontaminated as needed. Storage of PPE shall be in assigned areas only.

Disposal of gloves, garments and other PPE shall be in properly labeled plastic bags in accordance with the disposal policy set forth under the Maintenance Department.

Clean-Up of Spills:

To prevent the spread of infectious disease from the spillage of blood or other bodily fluids, the following safe practices should be followed.

- Always wear gloves and other PPE as necessary to prevent exposure when cleaning-up spills.
- Begin spill clean-up procedures by using the biohazard spill kit which contains disinfectants, PPE and properly labeled disposal containers (plastic bags). Use approved disinfectants as necessary.
- After completing the clean-up procedure, remove gloves and discard them into the same biohazard plastic bag as other contaminated items, tie the bag tightly closed. Notify the Maintenance Department that your area has potentially infectious waste to be properly disposed of.

Housekeeping:

One of the best ways to prevent hazards from affecting employees is to eliminate them. It is important that surface areas and equipment be kept clean and sanitary. The following housekeeping practices should be followed to aid in the elimination of potential exposure hazards.

- Always decontaminate any contaminated surfaces immediately with the appropriate disinfectant.
- If equipment or its protective coverings become contaminated, immediately remove and replace them.
- Inspect and decontaminate any bins, pails or other similar receptacles which may become contaminated.
- Make sure broken glassware which may be contaminated is cleaned up using such items as a dust pan, tongs, etc. Do not pick up broken glassware directly with your hands.
- Discard contaminated sharps immediately in containers provided for such. Containers shall be located as close as possible to the work area where the sharps are used, maintained in an upright position and replaced routinely so as to not become overfilled.

- Always close sharps container when it is being moved. If a container is leaking, place it in a secondary container prior to removing it. If sharps containers are reused, never open, empty or clean them manually.
- Whenever employees move containers of pathogen waste from one area to another, the containers must be closed. If containers are leaking, they shall be placed into a secondary container.
- The Maintenance Department is responsible for the collection and handling of the contaminated waste. Written records of any regulated waste disposal offsite shall be kept.

Labels and Signs:

To effectively eliminate or minimize exposure to bloodborne pathogens, biohazard warning labels will be used. These labels, which are red in color, shall be used in conjunction with red color-coded (and labeled) containers to warn employees of possible exposures (see Figure 4). The following items shall be properly labeled:

- Containers of biohazard regulated waste and sharps disposal containers.
- Refrigerators/freezers containing blood or other potentially infectious materials.
- Other containers used to store, transport or ship blood or other infectious materials
- Contaminated equipment, PPE or other laundry.

Information and Training:

When attempting to eliminate or minimize employee exposure to bloodborne pathogens, it is important that employees be well informed and educated on the subject. To deal with this need, employees who have a potential for exposure will be provided with a comprehensive training program and furnished with as much information as possible.

At least annually, employees involved in this program shall be retrained to ensure that their knowledge of bloodborne pathogens and their concerns is current. New employees or those who may be assigned a new job task will receive this training as necessary. The Department Supervisor is responsible for ensuring that all employees who have a potential for exposure to blood borne pathogens receives this training. Records of the training shall be maintained by the Program Coordinator (or designee). The training provided shall cover, at a minimum, the following topics:

- The Bloodborne Pathogens regulation
- The epidemiology, symptoms and mode of transmission of bloodborne pathogens and other infectious diseases.
- The location of the written Exposure Control Program and that it is available for employees to review at any time.
- The methods utilized for recognizing work tasks that may involve exposure to blood and other potentially infectious materials.
- The limitations and methods that will prevent or reduce exposure including: engineering controls, work practices, and PPE.
- The visual warnings of biohazards present including signs, labels and color-coded containers.
- Information on Hepatitis B Vaccinations including the effectiveness, safety, method of administration, the benefits of the vaccination, and that there is no cost to the employee for the vaccination.
- Actions to take and persons to contact in an emergency involving blood or other potentially infectious materials, including follow-up reporting if an exposure incident occurs and post-exposure evaluation including medical consultation to be provided.

Prohibited Practices:

- Shearing or breaking of contaminated needles and other contaminated sharps.
- Bending, recapping or removal of contaminated sharps is prohibited.
- Sharps that are contaminated with blood or OPIM shall not be stored in a manner that requires employees to reach by hand into the containers where these sharps have been placed.
- Disposable sharps shall not be reused
- Broken glassware, which may be contaminated, shall not be picked up directly by hand. It shall be cleaned up using mechanical means, such as brush and dustpan, tongs, or forceps.
- The contents of used sharps containers shall not be accessed.
- Sharps containers shall not be opened, emptied, or cleaned manually or in any other manner which would expose an employee to the risk of sharps injury.
- Eating, drinking, smoking, applying cosmetics or lip balm, and handling contact lenses are prohibited in work areas where there is a likelihood of occupational exposure.
- Food and drink shall not be kept in refrigerators, freezers, shelves, and cabinets or on countertops or bench tops where blood or OPIM are present.

Other Cautions:

- Contaminated clothing and equipment must be removed before entering a food consumption area.
- Splattering or the generation of droplets or aerosols of contaminated material must be avoided. If potential for this exists, face protection shall be required.
- Contaminated reusable equipment must be decontaminated to the extent possible. Employees shall wear appropriate personal protective equipment.
- Personal protective clothing must be worn to prevent body contamination and shall be provided by the district.
- Personal protective equipment must not be taken home by the employee and shall remain at work.
- If splashing occurs onto protective clothing, the clothing shall be inspected to ensure that blood or OPIM is not soaked through the material.

Hepatitis B Vaccinations, Post Exposure and Follow-Up:

We recognize that even with strict adherence to all of the exposure control practices presented here, exposure incidents may occur. Because of this, the District has implemented a Hepatitis B Vaccination Program, as well as set up procedures for post-exposure evaluation and follow-up should an exposure to bloodborne pathogens occur.

Vaccination Program:

The vaccination program has been implemented for those employees who may have been exposed to bloodborne pathogens during their routine work tasks. There is no cost to employees for the vaccinations. The vaccination program consists of a series of three inoculations over a six month period. As part of their bloodborne pathogens training, employees receive information concerning the vaccination, including its safety and effectiveness.

Vaccinations will be performed under the supervision of a licensed physician or other healthcare professional. A list of the employees taking part in the vaccination program shall be kept by the Human Resources Department. A list of the employees who decline to take part in this program shall be kept, as well as a signed copy of the "Vaccination Declination Form" on file.

Post Exposure and Follow-Up:

If an employee is accidentally exposed to bloodborne pathogens during the performance of their work, the following shall be immediately conducted:

- Employees shall receive medical consultation and if necessary, treatment.
- An investigation of the circumstances surrounding the exposure incident shall be conducted and a written report prepared.

The investigation shall obtain as much information as possible concerning the exposure including the use of a comprehensive post-exposure checklist to ensure that all of the steps in the follow-up process have been completed. After the investigation is completed, a written summary of the incident, its apparent cause(s) and recommendations to avoid similar incidents in the future shall be prepared.

The follow-up shall provide the School, and an exposed employee with the following confidential information:

- Documentation regarding the routes of exposure and circumstances under which the exposure incident occurred.
- Identification, if possible, of the source individual (unless infeasible or prohibited by law).

If possible, the source individual's blood shall be tested to determine HBV or HIV infectivity. In addition, the exposed employee shall have blood collected and tested for HBV and HIV infectivity. The information obtained shall also be provided to the exposed employee and a discussion of the applicable

laws and regulations concerning disclosure of the identity and infectious status of a source individual conducted.

It is important to recognize that much of the information involved in this process must remain confidential, and everything possible will be done to protect the privacy of the employee(s) involved in any exposure incident.

The healthcare professional treating an employee shall be sent all necessary documents describing the exposure incident, any relevant employee medical records and any other pertinent information. The healthcare professional shall provide the Schools Human Resources Department (or designee) with a written opinion evaluating the exposed employee's situation as soon as possible. A copy of this opinion shall be forwarded to the employee. After completion of these procedures, the exposed employee shall meet with the qualified healthcare professional to discuss the employee's medical status. This includes the evaluation of any reported illnesses, as well as any recommended treatment. Other findings and diagnoses will remain confidential and will not be included in the written report.

To continue the emphasis on confidentiality, the written opinion shall contain only the following information:

- Whether Hepatitis B Vaccinations is indicated for the employee.
- Whether the employee has received the Hepatitis B Vaccination.
- Confirmation that the employee has been informed of the results of the evaluation.
- Confirmation that the employee has been told about any medical conditions resulting from the exposure incident which require further evaluation or treatment.

All medical records concerning School employees are kept by the Human Resources Department (or designee). No medical information shall be disclosed without the employee's written consent (except as required by law).

Figure 1 - Exposure Determination Worksheets

Please complete one form for each job classification which lists duties that may cause an employee to be exposed.		
School:		
Employee Position Classification: Office Staff		
Locations Where this Position is Assigned:		
TASKS & PROCEDURES	EXPOSURE RISK: Indicate if risk is <i>Routine</i> or <i>Occasional</i>	✓ if <u>all</u> employees in this classification are at risk
FILL IN TASKS AS APPROPRIATE		
• Supervises the development & implementation of specialized health care services	<i>Routine</i>	✓
• Supervises the administration of medication	<i>Routine</i>	✓
• Provides emergency nursing care	<i>Routine</i>	✓
• Conducts a program directed toward control of communicable disease	<i>Routine</i>	✓
Additional Comments Regarding Potential Risks		
Will require personal protective equipment, training and must use universal precautions with blood and OPIM and bags.		

Supervisor's Signature	Date	
Employee's Signature	Date	
We have discussed the potential risks of exposure pertaining to the above job duties and believe this represents the exposure determination to the best of our knowledge.		

Please complete one form for each job classification which lists duties that may cause an employee to be exposed.

School:

Employee Position Classification: *Custodian/ Maintenance*

Locations Where this Position is Assigned:

All Facilities

TASKS & PROCEDURES	EXPOSURE RISK: Indicate if risk is <i>Routine</i> or <i>Occasional</i>	✓ if <u>all</u> employees in this classification are at risk
FILL IN TASKS AS APPROPRIATE		
<ul style="list-style-type: none"> • Clean restrooms 	<i>Occasional</i>	✓
<ul style="list-style-type: none"> • Empties and cleans trash cans 	<i>Occasional</i>	✓

Additional Comments Regarding Potential Risks

Will require personal protective equipment, training and must use universal precautions with blood and OPIM and bags.

Supervisor's Signature

Date

Employee's Signature

Date

We have discussed the potential risks of exposure pertaining to the above job duties and believe this represents the exposure determination to the best of our knowledge.

Please complete one form for each job classification which lists duties that may cause an employee to be exposed.

School:

Employee Position Classification: *Special Education Teachers*

Locations Where this Position is Assigned:

TASKS & PROCEDURES	EXPOSURE RISK: Indicate if risk is <i>Routine</i> or <i>Occasional</i>	✓ if <u>all</u> employees in this classification are at risk
FILL IN TASKS AS APPROPRIATE		
<ul style="list-style-type: none"> Supervise children during class activities, field trips, playground physical ed. 	<i>Routine</i>	✓
<ul style="list-style-type: none"> Perform specialized health care services, catherization, tracheotomy & ostomy care 	<i>Routine</i>	✓

Additional Comments Regarding Potential Risks

Blood may be present in non-OPIM body fluids; position description implies that the employee renders first aid. Must receive HBV vaccination as a pre-vaccination (before assuming duties).

Supervisor's Signature

Date

Employee's Signature

Date

We have discussed the potential risks of exposure pertaining to the above job duties and believe this represents the exposure determination to the best of our knowledge.

Please complete one form for each job classification which lists duties that may cause an employee to be exposed.

School:

Employee Position Classification: *Instructional Assistant – Special Education*

Locations Where this Position is Assigned:

TASKS & PROCEDURES	EXPOSURE RISK: Indicate if risk is <i>Routine</i> or <i>Occasional</i>	✓ if <u>all</u> employees in this classification are at risk
FILL IN TASKS AS APPROPRIATE		
<ul style="list-style-type: none"> • May accompany students on field trips 	<i>Occasional</i>	✓
<ul style="list-style-type: none"> • Knowledge of first aid techniques and practices 	<i>Occasional</i>	✓

Additional Comments Regarding Potential Risks

Although stated in job description as a duty, position apparently renders first aid as a collateral duty. Additional risks may be present.

Supervisor's Signature

Date

Employee's Signature

Date

We have discussed the potential risks of exposure pertaining to the above job duties and believe this represents the exposure determination to the best of our knowledge.

Please complete one form for each job classification which lists duties that may cause an employee to be exposed.

School:

Employee Position Classification: *Teachers*

Locations Where this Position is Assigned:

TASKS & PROCEDURES	EXPOSURE RISK: Indicate if risk is <i>Routine</i> or <i>Occasional</i>	✓ if <u>all</u> employees in this classification are at risk
FILL IN TASKS AS APPROPRIATE		
<ul style="list-style-type: none"> • May accompany students on field trips 	<i>Occasional</i>	✓
<ul style="list-style-type: none"> • Knowledge of first aid techniques and practices 	<i>Occasional</i>	✓

Additional Comments Regarding Potential Risks

Although stated in job description as a duty, position apparently renders first aid as a collateral duty. Additional risks may be present.

Supervisor's Signature

Date

Employee's Signature

Date

We have discussed the potential risks of exposure pertaining to the above job duties and believe this represents the exposure determination to the best of our knowledge.

Please complete one form for each job classification which lists duties that may cause an employee to be exposed.

School:

Employee Position Classification: *Teaching Assistants*

Locations Where this Position is Assigned:

TASKS & PROCEDURES	EXPOSURE RISK: Indicate if risk is <i>Routine</i> or <i>Occasional</i>	✓ if <u>all</u> employees in this classification are at risk
FILL IN TASKS AS APPROPRIATE		
<ul style="list-style-type: none"> • May accompany students on field trips 	<i>Occasional</i>	✓
<ul style="list-style-type: none"> • Knowledge of first aid techniques and practices 	<i>Occasional</i>	✓

Additional Comments Regarding Potential Risks

Although stated in job description as a duty, position apparently renders first aid as a collateral duty. Additional risks may be present.

Supervisor's Signature

Date

Employee's Signature

Date

We have discussed the potential risks of exposure pertaining to the above job duties and believe this represents the exposure determination to the best of our knowledge.

Please complete one form for each job classification which lists duties that may cause an employee to be exposed.

School:

Employee Position Classification: *Administration / Office Staff*

Locations Where this Position is Assigned:

TASKS & PROCEDURES	EXPOSURE RISK: Indicate if risk is <i>Routine</i> or <i>Occasional</i>	✓ if <u>all</u> employees in this classification are at risk
FILL IN TASKS AS APPROPRIATE		
<ul style="list-style-type: none"> • May accompany students on field trips 	<i>Occasional</i>	✓
<ul style="list-style-type: none"> • Knowledge of first aid techniques and practices 	<i>Occasional</i>	✓

Additional Comments Regarding Potential Risks

Although stated in job description as a duty, position apparently renders first aid as a collateral duty. Additional risks may be present.

Supervisor's Signature

Date

Employee's Signature

Date

We have discussed the potential risks of exposure pertaining to the above job duties and believe this represents the exposure determination to the best of our knowledge.

Figure 2 - VACCINATION DECLINATION FORM

Hepatitis B Virus (HBV)

DATE: _____

Employee Name: _____

School Site: _____ Department: _____

I understand that due to my occupational exposure to blood or other potentially infectious materials, I may be at risk of acquiring a Hepatitis B virus (HBV) infection. I have been given the opportunity to be vaccinated with Hepatitis B vaccine, at no charge to myself. However, I *decline* the Hepatitis B vaccination at this time. I understand that by declining this vaccine, I continue to be at risk of acquiring Hepatitis B, a serious disease. If, in the future, I continue to have occupational exposure to blood or other potentially infectious materials and I want to be vaccinated with Hepatitis B vaccine, I can receive the vaccination series at no charge to me.

Employee Name (please print): _____

Employee Signature _____ Date: _____

Employer Representative (please print): _____

Representative's Signature: _____ Date: _____

Figure 3 - BIOHAZARD WARNING LABEL

The Biohazard warning label is commonly black in color on a red or orange background as seen below.



Or



Figure 4 -Post Exposure Investigation and Follow up Checklist

Date of Incident: _____ Time of Incident: _____

Location of Incident: _____

Potentially Infectious Materials Involved:

Type: _____ Source: _____

Type: _____ Source: _____

Circumstances of Incident (work being performed, etc.)

Cause(s) of Incident (accident, equipment malfunction, etc.)

Personal Protective Equipment Being Used:

Actions Taken Following Incident (decontamination, clean-up, reporting, etc.)

Recommendations for Avoiding Repeat of Incident:

Person Conducting Investigation: _____ Date: _____

(See reverse side for Follow-Up checklist)

Page 1 of 2

Cover Sheet

Approval of Material Revision to Magnolia Science Academy-1

Section: II. Consent Agenda
Item: B. Approval of Material Revision to Magnolia Science Academy-1
Purpose: Vote
Submitted by:
Related Material: II B MSA 1 Enrollment Increase.pdf



Board Agenda Item #	Agenda # II B
Date:	August 11, 2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Kelly Hourigan, Chief Operations Officer
RE:	Enrollment increase for Magnolia Science Academy 1

Proposed Board Recommendation

I move that the board approve the attached board resolution to increase enrollment at Magnolia Science Academy 1.

Background

We are expanding the current facility to allow for increased enrollment. We need to seek authorizer approval from the LAUSD Board of Directors. The student enrollment growth plan is included in the board resolution stating the growth from the current 525 students to achieving 925 students in 2021-2022.

Budget Implications

None at this time.

Name of Staff Originator:

Kelly Hourigan, Chief Operations Officer

Attachments

MSA1 Enrollment Increase Board Resolution



GOVERNING BOARD RESOLUTION FOR MAGNOLIA SCIENCE ACADEMY 1

Resolution from the Board of Directors of Magnolia Educational and Research Foundation authorizing the submission of the *Magnolia Science Academy 1 Charter Renewal Petition for a Five-Year Term (2017-2022) and to Increase Student Enrollment*. (“MSA-1 Renewal”) to the Los Angeles Unified School District Board of Education. In addition to seeking a new charter term via the renewal petition, MSA-1 seeks to increase enrollment capacity as the school opens a new facility and can accommodate more students to meet community demand. The following is the projected increase in enrollment for MSA-1 over the next five-year charter term:

Projected Grade-level Enrollment at MSA 1					
	2017-18	2018-19	2019-20	2020-21	2021-22
6	125	125	125	150	150
7	80	125	125	125	150
8	80	80	125	125	125
9	100	125	125	125	125
10	75	100	125	125	125
11	75	75	100	125	125
12	70	75	70	100	125
Total	610	705	795	875	925

NOW THEREFORE, IT IS RESOLVED that the Board of Directors authorizes the filing of the MSA-1 Renewal with the Los Angeles Unified School District, and that the following individuals are authorized to take all steps necessary pursuant to their roles to seek the approval:

- Dr. Caprice Young, CEO & Superintendent will serve as “Lead Petitioner,” and is hereby authorized to sign the MSA-1 Renewal and to take all steps necessary for approval of same.
- Mustafa Sahin is the Principal/Instructional Leader
- Oswaldo Diaz is the Onsite Financial Manager.

Resolved on August 11, 2016 by the following vote:

[name]	[vote]	[name]	[vote]
--------	--------	--------	--------

Dr. Umit Yapanel		Dr. Ali Korkmaz	
Ms. Noel Russell-Unterburger		Dr. Remzi Oten	
Mr. Nguyen Huynh		Mr. Serdar Orazov	
Dr. Salih Dikbas		Ms. Diane Gonzalez	
Dr. Saken Sherkhanov			

Aye:

Nay:

Abstention:

CERTIFICATE OF SECRETARY

I certify that I am the duly elected Secretary for the Board of Directors of Magnolia Educational and Research Foundation, a California nonprofit public benefit corporation. I hereby certify that the foregoing is a true and correct copy of a resolution duly and legally adopted by the Board of Directors on August 11, 2016, and that this resolution has not been revoked.

Dr. [Saken Sherkhanov](#)

Board Secretary

Cover Sheet

Approval of MPS 2016-17 Committee Calendars

Section: II. Consent Agenda
Item: C. Approval of MPS 2016-17 Committee Calendars
Purpose: Vote
Submitted by:
Related Material: II C 2016-17 Committee Meetings.pdf



Board Agenda Item #	Agenda # II C
Date:	August 11, 2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Kelly Hourigan, Chief Operations Officer
RE:	MPS Board of Director Committee Meetings for 2016-2017

Proposed Board Recommendation

I move that the board approve the proposed MPS Board of Director Committee Meetings for the 2016-2017 school year.

Background

The MPS Board of Directors has created the following committees to assure oversight in the specified area.

- Finance
- Academic
- Personnel
- Community and Parent Engagement
- Governance/Nominating
- Facilities

The attachment states the specific dates that the committees will meet for the 2016-2017 school year.

Budget Implications

There are no budget implications

Name of Staff Originator

Kelly Hourigan, Chief Operations Officer

Attachments

2016-2017 MPS Board Committee Meetings



**Magnolia Public Schools
Community and Parent Engagement
Committee of the Board
2016-17 Meeting Calendar**

- **October 12, 2016**
- **December 7, 2016**
- **February 8, 2017**
- **April 5, 2017**
- **May 10, 2017**



**Magnolia Public Schools
Personnel Committee of the Board
2016-17 Meeting Calendar**

- **October 5, 2016**
- **January 11, 2017**
- **March 1, 2017**
- **May 3, 2017**



**Magnolia Public Schools
Nominating/Governance
Committee of the Board
2016-17 Meeting Calendar**

- **October 5, 2016**
- **January 11, 2017**
- **March 1, 2017**
- **May 3, 2017**



**Magnolia Public Schools
Facilities Committee of the Board
2016-17 Meeting Calendar**

- August 4, 2016
- September 1, 2016
- October 5, 2016
- November 2, 2016
- December 1, 2016
- January 11, 2017
- February 1, 2017
- March 1, 2017
- March 29, 2017
- May 3, 2017
- June 6, 2017



**Magnolia Public Schools
Academic Committee of the Board
2016-17 Meeting Calendar**

- **October 12, 2016**
- **February 8, 2017**
- **June 6, 2017**



**Magnolia Public Schools
Finance/Audit Committee of the Board
2016-17 Meeting Calendar**

- July 13, 2016
- September 1, 2016
- October 6, 2016
- November 3, 2016
- December 1, 2016
- January 12, 2017
- February 2, 2017
- March 2, 2017
- March 30, 2017
- May 4, 2017
- June 7, 2017

Cover Sheet

Approval of Revisions to the MPS Financial Policy Manual

Section: II. Consent Agenda
Item: D. Approval of Revisions to the MPS Financial Policy Manual
Purpose: Vote
Submitted by:
Related Material: II D Updated MPS Financial Manual.pdf



Board Agenda Item #	II D
Date:	August 11, 2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Oswaldo Diaz, Chief Financial Officer
RE:	Revised MPS Financial Policy & Procedures Manual

Proposed Board Recommendation

I move that the Board approves the adoption of the updated MPS Financial Policy and Procedures Manual as presented in the board agenda, item II D.

Staff is not recommending any changes to the attached document because they currently include appropriate policies and procedures, most of which you previously have voted to update with the guidance of the State Auditor, FCMAT and other authorities. Your ratification is purely procedural.

Background

MPS is in the process of renewing charter petitions of MSA-1, MSA-2 and MSA-3. We are requesting that the Board approve the adoption of the updated MPS Financial Policy and Procedures Manual in order to be in compliance with the following LAUSD requirement:

Governing Board approval of the current fiscal policies and procedures must occur in the school year in which the school's current charter expires [i.e., the renewal year] or in the last quarter of the prior year.

The adoption of the updated MPS Financial Policy and Procedures Manual will be effective and applicable for FY 2016-17.

Revised Policies

The following is a list of the policies and the date they were last revised:

POLICY	Last Revision
GENERAL & ADMINISTRATIVE	
G&A101 Chart of Accounts	2/14/13
G&A102 Files and Records Management	2/14/13
G&A103 Travel and Entertainment	11/12/15
G&A104 Management Reports	11/12/15
G&A105 Period-End Review & Closing	11/12/15

G&A106 Controlling Legal Costs	2/14/13
G&A107 Taxes and Insurance	11/12/15
G&A108 Property Tax Assessments	2/14/13
G&A109 Confidential Information Release	2/14/13
G&A110 Document Control	2/14/13
G&A111 Fax and E-mail Signatures Accepted	2/14/13
G&A112 Maintenance Requests	2/14/13
G&A113 Electronic Backup of Accounting Information	2/14/13
G&A114 Political Intervention	2/14/13
G&A115 Accrued Liabilities	11/12/15
G&A116 Notes Payable	11/12/15
G&A117 Financial and Tax Reporting	11/12/15
G&A118 Budgeting	11/12/15
G&A119 Insurance	2/14/13
G&A120 Supplies	2/14/13
G&A121 School Site Accounting	11/12/15
G&A122 Fraud Reporting & Whistleblower	2/14/13
CASH	
CSH101 Cash Boxes	11/12/15
CSH102 Cash Receipts And Deposits	2/14/13
CSH103 Problem Checks	11/12/15
CSH104 Wire Transfers	2/14/13
CSH105 Check Signing Authority	2/14/13
CSH106 Check Matters	2/14/13
CSH107 Bank Account Reconciliations	2/14/13
CSH108 Inter-Account Bank Transfers	11/12/15
CSH109 Journal Entries and Reclassification Entries	11/12/15
CSH110 Petty Cash Purchases	11/12/15
CSH111 Credit Cards and Debit Cards	7/8/16
CSH112 Intercompany Receivables and Payables (Due To/From)	11/12/15
CSH113 Financial Reserves	11/12/15
FIXED ASSETS	
INV101 Fixed Asset Control and Leases	2/14/13
INV102 Fixed Asset Capitalization & Depreciation	11/12/15
REVENUE	
REV101 Sales Receipt Processing	11/12/15
REV102 Invoicing And Accounts Receivable	11/12/15
REV103 Progress Billing	11/12/15
REV104 Account Collections	2/14/13

REV105 Revenue Recognition – Grants and Contributions	11/12/15
REV106 Gifts-In-Kind	11/12/15
REV107 Restricted Funds	11/12/15
PURCHASING	
PUR101 Vendor Selection	2/20/16
PUR102 General Purchasing	11/12/15
PUR103 Receiving And Inspection	11/12/15
PUR104 Accounts Payable And Cash Disbursements	6/6/16
PUR105 Prepaid Expenses	11/12/15
PUR106 Reimbursements	11/12/15
PUR107 Bidding Requirements	6/6/16

Budget Implications

There are no budget implications.

Name of Staff Originator:

Oswaldo Diaz, Chief Financial Officer

Attachments

Revised MPS Financial Policy and Procedures Manual



FINANCIAL POLICIES AND PROCEDURES MANUAL

Revised August 1, 2016

List of Referenced Procedures

General & Administrative

1. G&A101 Chart Of Accounts
2. G&A102 Files And Records Management
3. G&A103 Travel And Entertainment
4. G&A104 Management Reports
5. G&A105 Period-End Review & Closing
6. G&A106 Controlling Legal Costs
7. G&A107 Taxes And Insurance
8. G&A108 Property Tax Assessments
9. G&A109 Confidential Information Release
10. G&A110 Document Control
11. G&A111 Fax and E-mail Signatures Accepted
12. G&A112 Maintenance Requests
13. G&A113 Electronic Backup of Accounting Information
14. G&A114 Political Intervention
15. G&A115 Accrued Liabilities
16. G&A116 Notes Payable
17. G&A117 Financial and Tax Reporting
18. G&A118 Budgeting
19. G&A119 Insurance
20. G&A120 Supplies
21. G&A121 School Site Accounting
22. G&A122 Fraud Reporting & Whistleblower

Cash

23. CSH101 Cash Boxes
24. CSH102 Cash Receipts And Deposits
25. CSH103 Problem Checks
26. CSH104 Wire Transfers
27. CSH105 Check Signing Authority
28. CSH106 Check Matters
29. CSH107 Bank Account Reconciliations
30. CSH108 Inter-Account Bank Transfers
31. CSH109 Journal Entries and Reclassification Entries
32. CSH110 Petty Cash Purchases
33. CSH111 Credit Cards and Debit Cards
34. CSH112 Intercompany Receivables and Payables (Due To/Due From)
35. CSH113 Financial Reserves

Fixed Assets

36. INV101 Fixed Asset Control and Leases
37. INV102 Fixed Asset Capitalization & Depreciation

Revenue

- 38. REV101 Sales Receipt Processing
- 39. REV102 Invoicing And Accounts Receivable
- 40. REV103 Progress Billing
- 41. REV104 Account Collections
- 42. REV105 Revenue Recognition – Grants and Contributions
- 43. REV106 Gifts-In-Kind
- 44. REV107 Restricted Funds

Purchasing

- 45. PUR101 Vendor Selection
- 46. PUR102 General Purchasing
- 47. PUR103 Receiving And Inspection
- 48. PUR104 Accounts Payable And Cash Disbursements
- 49. PUR105 Prepaid Expenses
- 50. PUR106 Reimbursements
- 51. PUR107 Bidding Requirements

SOP # G&A101 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A101 CHART OF ACCOUNTS

Policy: To facilitate the record keeping process for accounting, all ledger accounts should be assigned a descriptive account title and account number.

Purpose: To provide the method for assignment and maintenance of the company's chart of accounts in order to produce meaningful financial data for the Organization.

Scope: This procedure applies to all general ledger accounts.

Responsibilities: The Chief Financial Officer is responsible for monitoring and approving changes to the company's Chart of Accounts.

Definition: Chart of Accounts – A categorized listing of all account titles and numbers being used by an organization to track income, expenses, assets, equity, and liabilities is called a Chart of Accounts.

Procedure:

1.0 DESIGN OF ACCOUNTS

- 1.1 Accounts should have titles and numbers that indicate specific ledger accounts such as Cash in Checking, Furniture and Fixtures, Accounts Payable, etc.
- 1.2 In general, the Standardized Account Code Structure (SACS) is followed for the major object code levels and account description; however we do not implement goals and resource coding.
- 1.3 Sub-divisions should be used to provide additional clarification, as needed. A sub-division among the balance sheet accounts should be designated short term to long term, (i.e. current assets should precede long term assets and current debt should precede long-term debt).

Unassigned number sequences should be left open within each group of accounts to provide for additional accounts, which may be added later.

- 1.4 Accounts may be numbered using the SACS format.
- 1.5 See Appendix A for guidance regarding SACS format.

2.0 DESCRIPTION OF ACCOUNTS

- 2.1 Each account should be given a short title description that is brief but will allow the reader to quickly ascertain the purpose of the account.
- 2.2 For training and consistent transaction coding, as well as to help other non-accounting managers understand why something is recorded as it is, each account should be defined. Definitions should be concise and meaningful. The account name should clearly identify what the account is to be used for.

An example of definitions follows:

ASSETS

1100 – General Operating Account

Includes all cash held in the operating bank account. All withdrawals by check and deposits are recorded here. The reported balances are supported by a bank reconciliation prepared monthly.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

APPENDIX A

A copy of the California School Accounting Manual (CSAM) can be found at <http://www.cde.ca.gov/fg/ac/sa/> for guidance regarding SACS format.

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SOP # G&A102 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A102 FILES AND RECORDS MANAGEMENT

Policy: The Organization will retain records in an orderly fashion for time periods that comply with legal and governmental requirements and as needed for general business requirements.

Purpose: To outline the methods for filing, retaining and disposing of business records.

Scope: This procedure applies to all business documentation generated by the Organization. However, this does not necessarily cover internal or certain day-to-day business correspondence.

Responsibilities:

The Finance Manager will be responsible for categorizing and maintaining a listing of records maintained and the location (i.e. by wall unit and shelf row number).

The Chief Financial Officer is responsible for overseeing the execution of Organization policy for Record Retention, Storage and Destruction of obsolete Organization records.

Procedure:

1.0 FILING SYSTEM

1.1 To ensure efficient access, filing centers will be established in each department. To reduce the amount of duplicate and unnecessary record retention, individual desk files should be avoided unless they are used in daily operations. All other departmental or Organization records should be filed in the departmental central filing areas.

1.2 Unless necessary, records should usually only be kept by the originator or sender and not by the receiver to avoid duplicate filing systems.

1.3 The following filing guidelines should be adhered to optimize filing efficiency and records access:

- All file cabinets and files should follow recognized rules of order, such as Left to Right, Top to Bottom, Front to Back and in the case of chronological records, newest to oldest.
- File markers or label headings should always be placed at the beginning or front of a file or group of files.
- Alphabetical files should always be filed under broad topical categories. Files should never be filed under individual employee names (except Human Resources records) to avoid confusion and re-filing in the event of turnover.

Files should always be filed under the "proper" or Organization names whenever appropriate. In the case of individuals, files should be maintained according to the persons "Last name" then First name and Middle initial.

- Extra care should be used for sensitive or private information. Organization financial data or personnel records that contain performance reviews, salary information, and any health related information should be kept in a secure area with limited access to only those that have a "need to know" such as the Office Manager or the Chief Financial Officer.

2.0 RECORD RETENTION AND LONG-TERM STORAGE

- 2.1 Storage of archived records will be maintained in the locked storage area of the building. Access to this area will be limited to the Chief Financial Officer, officers of the Organization and the Office Manager.
- 2.2 Non-permanent files will be stored in cardboard file boxes. Each file box will be labeled on the front with the contents, dates covered, and destruction date if applicable. Permanent records will be maintained in metal fire-resistant file cabinets.
- 2.3 Files should be stored only in boxes with similar items, dates and retention periods. This will allow easier access and purging of records. A general rule to keep in mind is that it is better to only half-fill a file box than to file dissimilar types of files in the same box.
- 2.4 The Office Manager will be responsible for categorizing and maintaining a listing of records maintained and the location (i.e. by wall unit and shelf row number).
- 2.5 Maintain all files for as long as is necessary but only to the extent they serve a useful purpose or satisfy business or legal requirements. G&A102 Ex1 RECORDS RETENTION PERIODS, provides a guide to the typical business life of various documents. The retention periods provided are suggested with federal requirements in mind. Be sure to check with local and state authorities for specific record retention requirements.
- 2.6 Copies of critical records that are vital to the daily operations of the Organization should be kept off site in case of possible disasters. This may include information needed to file insurance claims (assets lists, insurance contacts, policy numbers), financial data for tax purposes (wages paid, income and expenses), contacts lists to inform or restart the business (vendors, customers, investors and employees), and other data that would assist in rebuilding the business (business plans, intellectual property, or proprietary information).

3.0 RECORD DESTRUCTION

- 3.1 Three to six months after each year-end, the Office Manager will proceed with destruction of all files that have exceeded their recognized holding period.

- 3.2 A listing of file categories to be destroyed will be circulated to all managers thirty days prior to destruction for review and comment. The actual listing of records destroyed will be maintained permanently for future reference.
- 3.3 Destruction of the files will be performed by an independent, outside service for shredding and disposal. Disposal of records into the Organization's general trash service is not allowed.

References:

A. HEALTH INSURANCE PORTABILITY ACCOUNTABILITY ACT (HIPAA)

The Standards for Privacy of Individually Identifiable Health Information (the Privacy Rule) creates national standards to protect individuals' personal health information and gives patients increased access to their medical records. As required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Privacy Rule covers health plans, health care clearinghouses, and those health care providers who conduct certain financial and administrative transactions electronically. Most covered entities (certain health care providers, health plans, and health care clearinghouses) must comply with the Privacy Rule by April 14, 2003. Small health plans have until April 14, 2004 to comply with the Rule.

Note: Employment records maintained by a covered entity in its capacity as an employer are excluded from the definition of protected health information. The modifications do not change the fact that individually identifiable health information created, received, or maintained by a covered entity in its health care capacity is protected health information.

B. AGE DISCRIMINATION IN EMPLOYMENT ACT (ADEA)

ADEA applies to employers with 20 or more employees. If an EEOC charge or lawsuit is filed, keep records until final disposition of the charge or lawsuit. Otherwise, ADEA compliance suggests keeping basic employee files from one to three years as listed:

- Payrolls or other records (for temporary and permanent positions) for three years.
- Basic employee information such as employees' names, addresses, birth dates, occupations, rates of pay, and weekly compensation for three years.
- Applications and personnel records relating to promotion, demotion, transfer, selection for training, layoff, recall or discharge for one year.
- Job advertisements and postings for three years.
- Copies of employee benefit plans, seniority and merit systems must keep on file for the full period the plan or system is in effect and for at least one year after its termination

C. AMERICANS WITH DISABILITIES ACT (ADA)

ADA applies to employers with 15 or more employees. If an EEOC charge or lawsuit is filed, keep records until final disposition of the charge or lawsuit. Otherwise, ADA compliance suggests keeping employment applications and other personnel records including promotions, transfers, demotions, layoffs, and termination or requests for reasonable accommodation for at least 1 year from the making of the record or the personnel action.

D. CIVIL RIGHTS ACT OF 1964

Applies to employers with 15 or more employees. If an EEOC charge or lawsuit is filed, keep records until final disposition of the charge or lawsuit. Otherwise, basic non-discrimination compliance suggests keeping employment applications and other personnel records including promotions, transfers, demotions, layoffs, and termination or any EEO-1 Reports for at least one year from the making of the record or the personnel action. If an employee is involuntarily terminated, his/her personnel records must be retained for one year from the date of termination.

E. EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA)

The ERISA reporting and disclosure obligations apply to all pension and welfare plans including summary plan descriptions, annual reports, reportable events, and plan termination, unless the Organization plan is exempt under ERISA.

ERISA suggests the Organization should maintain all reports, documents, information, and materials for a minimum of six years in order to disclose and or support all transactions to participants and beneficiaries (and report to certain governmental agencies), as requested or needed.

F. EMPLOYEE POLYGRAPH PROTECTION ACT

All polygraph test results and reasons for administering the test should be kept for three years.

G. EQUAL PAY ACT

Payroll records including time cards, wage rates, deductions from wages, and records explaining the difference in wage rates between men and women in similar positions should be kept for three years.

H. EXECUTIVE ORDER 11246

Applies to federal contractors and requires the preparation of affirmative action plans. Affirmative action plans must be updated annually and retained for two years along with all applications and other personnel records that form the basis of the Organization's employment decisions. Generally, personnel and employment records must be retained for two years.

I. FAIR LABOR STANDARDS ACT (FLSA)

FLSA applies to employers engaged in or employees who work in interstate commerce and suggests the following records are retained for three years:

- Payroll and other records containing employee's name, birth date, gender, and occupation.
- Employee's beginning of workweek and time employee begins work.
- Regular rate of pay or other basis of payment.
- Hours worked per day and for workweek.
- Daily and weekly straight time earnings.
- Deduction from wages.
- Total wages per pay period.
- Date of payment and the pay period covered.
- For exempt professional, executive and administrative employees, and those employed in outside sales, the employer must maintain records that reflect basis on which wages are paid to permit calculations of the employee's total remuneration.
- In addition, employers must keep for at least two years all records (including wage rates, job evaluations, seniority and merit systems, and collective bargaining agreements) that explain the basis for paying different wages to employees of opposite sexes in the same establishment.

J. FAMILY AND MEDICAL LEAVE ACT (FMLA)

FMLA applies to employers with 50 or more employees within a 75 mile radius and whose employee must have worked for at least one year and accumulated at least 1,250 hours of service with the employer during the previous year. FMLA suggests the following records are retained for 3 years

- Basic employee data including name, address, occupation, rate of pay, terms of compensation, daily and weekly hours worked per pay period, deductions from wages, and total compensation.
- Dates of leave taken by eligible employees.
- For intermittent leave, the hours of leave.
- A copy of employee notices and documents describing policies and practices regarding leave.
- Records of any dispute regarding the designation of leave.

K. IMMIGRATION REFORM & CONTROL ACT (IRCA)

IRCA applies to all employers and requires a signed Form I-9 is retained for three years after the date of hire and at least one year after termination.

L. OCCUPATIONAL SAFETY & HEALTH ACT (OSHA)

OSHA applies to employers with 10 or more employees and suggest that the log of occupational injuries and illnesses is retained for five years. All other records should be retained for at least 30 years after employee separation. Other records include:

- Occupational injuries and illnesses.
- The annual summary of injuries and illnesses.
- Medical records and records of exposure to toxic substances.

M. REHABILITATION ACT OF 1973

Applies to federal contractors. If a charge or lawsuit is filed, keep records until final disposition of the charge or lawsuit. Otherwise, basic compliance suggests keeping personnel and employment records including requests for accommodation, physical exams, job advertisements and postings, applications, resumes and records regarding hiring, assignments, promotions, demotions, transfers, layoffs, terminations, rates of pay and selection for training for two years (only 1 year if contractor has less than 150 employees or a federal contract of \$150,000 or less). Note: Affirmative action plans also may have to be maintained by the employer

N. RIGHT TO FINANCIAL PRIVACY ACT

The act establishes specific procedures and exceptions concerning the release of customer financial records to the federal government. It provides customers of financial institutions with a right to expect that their financial activities will have a reasonable amount of privacy from federal government scrutiny.

O. GUIDE TO RECORD RETENTION REQUIREMENTS

A good source of federal retention requirements is the "Guide to Record Retention Requirements" published by the Office of the Federal Register National Archives and Records Administration. It can be purchased from the U.S. Government Printing Office in Washington DC. Additional sources of information include: IRS regulations, state and local government retention requirements or the AICPA (American Institute of Certified Public Accountants) Filing and Record Retention Procedures Guide.

P. IRS REVENUE PROCEDURE 98-25 RECORDS RETENTION

The Income Tax Regulations require that, except for farmers and wage-earners, any person subject to income tax, or any person required to file an information

return with respect to income, must keep such books and records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters reported. The books or records required by must be kept available at all times for inspection by authorized internal revenue officers or employees, and must be retained so long as the contents thereof may become material in the administration of any internal revenue law.

Note: Section 6.01 requires taxpayers to maintain and make available documentation of the business processes that (1) create the retained records, (2) modify and maintain its records, (3) satisfy the requirements of section 5.01(2) of the procedure and verify the correctness of the taxpayer's return, and (4) evidence the authenticity and integrity of the taxpayer's records.

Section 6.02 sets forth four elements that the documentation required under section 6.01 must establish: (1) the flow of data through the system, (2) internal controls that ensure accurate processing, (3) internal controls that prevent unauthorized record changes, and (4) charts of account.

Section 6.03 sets forth six specific types of documentation for each retained file: (1) record formats, (2) field definitions, (3) file descriptions, (4) evidence that periodic checks are undertaken to ensure that data remains accessible, (5) evidence that the records reconcile to the taxpayer's books, and (6) evidence that the records reconcile to the taxpayer's return.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

G&A102 Ex1 RECORDS RETENTION PERIODS

Accident reports and claims (settled cases)	7 years
Accounts payable ledgers, schedules and trial balances	7 years
Accounts receivable ledgers, schedules and trial balances	7 years
Assignments	3 years
Audit reports of accountants	Permanently
Bank reconciliations	1 year
Bank statements, cancelled checks, and deposit slips	7 years
Bills of lading	3 years
Capital stock and bond records	Permanently
Cash books	Permanently
Cash receipts and disbursements	7 years
Chart of accounts	Permanently
Checks (cancelled, all other)	7 years
Checks (cancelled, for important payments, i.e. taxes, property purchases, special contracts, etc. File checks with the transaction papers)	Permanently
Construction documents.....	Permanently
Contracts and leases (expired)	7 years
Contracts and leases still in effect.....	Expiration +7 years
Corporate records and minutes	Permanently
Correspondence (legal and important matters only)	Permanently
Correspondence general	3 years
Credit Applications (Consumer)	25 Months (after notification)
Credit Applications (Business)	1 year (after notification)
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	1 year
Electronic fund transfer documents	7 years
Employee personnel records (after termination).....	7 years
Employment applications	3 years
Expense analyses and Expense distribution schedules	7 years
Expired contracts and notes receivable	7 years
Expired purchase contracts	7 years
Federal, state and local tax returns	Permanently
Financial statements (end-of-year trial balances)	Permanently
Fixed asset records and appraisals	Permanently
Forms W-4	7 years
Garnishments	3 years
General Ledgers (end-of-year trial balances)	Permanently
I-9s (after termination)	1 year
Insurance records, current accident reports, claims, policies, etc	Permanently
Interim and year-end financial statements and trial balances.....	Permanently
Inventories of products, materials, and supplies	7 years

Invoices	7 years
Journals	Permanently
Licenses.....	Permanently
Loan documents, notes.....	Permanently
Minute books of directors and stockholders, including bylaws and charter ...	Permanently
Monthly trial balances	Permanently
Notes receivable ledgers and schedules	7 years
OSHA logs.....	5 years
Paid bills and vouchers	7 years
Payroll journals	7 years
Payroll records and summaries	7 years
Payroll reports (federal & state)	7 years
Perpetual inventory records	7 years
Petty cash vouchers	7 years
Physical inventory records	7 years
Physical inventory tags	7 years
Plant cost ledgers	Permanently
Polygraph test results and reasons for test	3 years
Property appraisals by outside appraisers	Permanently
Property records including costs, depreciation schedules, blueprints, plans ..	Permanently
Property titles and mortgages	Permanently
Purchase journals	7 years
Purchase orders	7 years
Receiving sheets.....	1 year
Requisitions	7 years
Sales journals	7 years
Sales records	7 years
Savings bond registration records of employees	7 years
Scrap and salvage records (inventories, sales, etc)	7 years
Shipping tickets	3 years
Stock and bond certificate (cancelled)	1 yr
Stockroom withdrawal forms	7 years
Subsidiary ledgers	7 years
Tax returns and worksheets, revenue agents' reports and other documents ...	Permanently
Time books/cards	7 years
Trade mark registrations	Permanently
Uncollectible accounts and write offs	7 years
Voucher for payments to vendors, employees, etc. (includes all allowances and reimbursement of employees, officers).....	7 years
Voucher register and schedules	7 years
W-4 forms.....	4 years
Workman's comp documents	11 years

SOP # G&A103 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: G&A103 TRAVEL AND ENTERTAINMENT

Policy: All reservations required for business travel and entertainment will be made through the Purchase Manager or designated staff. Expenses are to be within established Organization guidelines and will be reimbursed with proper documentation. Employees are expected to spend the Organization's money as carefully and judiciously as they would their own.

The Organization recognizes that employees who travel far from home to represent the Organization's business interests must forego their living accommodations and may forfeit personal time. Accordingly, the Organization will make efforts to provide comfortable and secure accommodations for lodging, meals and travel for employees. However, these items are not intended to be perquisites and the Organization reserves the right to deny reimbursement of expenses that are considered lavish or extravagant.

Purpose: To provide guidelines for travel and entertainment expenses as they were actually spent, account for all advances promptly and accurately and to communicate the procedures for reimbursement.

Scope: This procedure applies to all departments and individuals who travel or entertain for the Organization.

Responsibilities:

Responsible Party: The individual employee and/or the Purchase Manager

- When the Purchase Manager does not make travel arrangements, each employee is responsible for making arrangements needed for business travel.
- The Purchase Manager may make travel arrangements when requested, provided that arrangements are made at least 15 days in advance.

The Finance Department will receive and review the expense report documentation and send to EdTec to process necessary employee reimbursement. (See PUR106, Reimbursements, for more detailed information.)

Procedure:

1.0 TRAVEL ARRANGEMENTS

1.1 All arrangements required for business travel are to be made individually or through the Purchase Manager. When possible, the Purchase Manager can solicit better corporate discounts and rates for hotels, airlines, car rental agencies and travel agencies. Employees benefit because they do not have to spend their own time comparing rates and making their own arrangements. If making your own arrangements, the employee must find the best possible travel pricing.

1.2 For maximum savings on airfares, this form should always be completed at least 15 days in advance unless an emergency trip is required.

1.3 It is preferable that all employees travel during non-working hours to maximize efficiency. The Purchase Manager will make arrangements for the trip as required and will return a travel itinerary and any tickets or reservation forms to the employee.

1.4 **Cash Advances** - To help ensure accurate and timely expense report preparation and reduce the additional paperwork required to process and track Cash Advances, the Organization generally **discourages** cash advances unless special circumstances apply. Employees are encouraged to use credit cards with a grace period to provide float time between incurring the expense and receiving reimbursement from the Organization.

If an employee requires a cash advance, a formal request must be made through CoolSIS as a check request. The advance request will then be forwarded to accounting for processing upon approval. Travel advance amounts are approved on an as needed basis.

When a cash advance is received, the employee will reduce their expense reimbursement by the amount of the cash advance. In the case where the cash advance exceeds the expenses for the report submitted, the remaining cash must be turned into the accounting department with the expense report. Amounts owed the Organization cannot be carried forward to future expense reports. Any advance outstanding will be deducted from the employee's paycheck.

1.5 **Direct Billings** - Direct billings to the Organization from motels, restaurants, etc. are not permitted unless previously authorized.

2.0 EXPENSE GUIDELINES

2.1 Air Travel - Airline reservations are based on the following criteria:

- Expediency: Getting the employee to their destination in an expedient way. (Direct flights when possible or connecting flights if necessary for faster flight schedules).
- Cost: Employees will fly coach class unless extenuating circumstances apply.
- Air Carrier: An employee's preferred airline can be utilized as long as expediency and cost factors are equal. In most cases, airfare will be directly billed to the Organization's credit card account.

On occasion, employees may have no alternative but to book their own flight. If this is the case, employees must use regularly scheduled airlines and obtain the lowest (discount) fare available. This may mean that employees will fly at times that are not always the most convenient for them.

2.2 Lodging - Lodging arrangements are based on value, convenience for the traveler and according to what is usual and customary Organization guide lines.

Whenever multiple employees are traveling to the same location, employees will be required to share accommodations if possible (i.e. male/male or female/female). Lodging accommodations will then be made for double rooms accordingly. If an employee is accompanied by a non-employee such as family or a friend, and therefore requires

separate accommodations, the employee will be responsible for payment of any excess lodging accommodations.

- 2.3 Meals - Employees on Organization business will be reimbursed for the actual cost of their lunch and dinner meals in accordance to applicable law. The cost of meals should be reasonably priced based on the locality.

Officers may include reimbursement of actual guest meals for the business of the Organization at their discretion. When officers are traveling under per-diem meal arrangements, and guest meals are paid for, that day's per-diem amount must be adjusted downward by \$15 and cannot be claimed.

See form PUR104 Accounts Payable and Cash Disbursements and PUR 106 Reimbursements for additional information regarding Meals.

- 2.4 Car Rentals – When possible, advance arrangements should be made by the Purchase Manager if a car is required at the destination, otherwise the employee is required to make their own car rental arrangements. Vehicle selection will be based upon the most cost-effective class that satisfies requirements for the employee(s) and any demonstration equipment.

Supplemental auto insurance coverage offered by car rental agencies must be purchased and will be reimbursed.

- 2.5 Personal Vehicles - An employee who uses their own automobile for business will be reimbursed according to IRS mileage reimbursement guidelines. The employee must provide on the expense report, documentation including dates, miles traveled and purpose of each trip.

The Organization assumes no responsibility for personal automobiles used for business. Further, any parking or speeding violation is the sole responsibility of the employee and each employee must have valid minimum automobile liability insurance as required by state law.

- 2.6 Telephone - Telephone charges from the hotel are not allowed unless it is an emergency.

- 2.7 Entertainment - Entertainment expenses are not allowed.

- 2.8 Miscellaneous Expenses - Any additional business expenses that are not categorized above should be listed under miscellaneous expenses and documented with all pertinent information to substantiate the expense.

- 2.9 Non-Reimbursable Expenses - Some expenses are not considered valid business expenses by the Organization, yet may be incurred for the convenience of the traveling individual. Since these are not expenses for the business then they are not reimbursable. (The following can be used as a guide of expenses, which are not reimbursable)

Examples include:

- Airline or travel insurance
- Airline or travel lounge clubs
- Shoe shine or Dry-cleaning (except for extended travel beyond 5 days)

- Movies or personal entertainment
- Books, magazines or newspapers
- Theft or loss of personal property
- Doctor bills, prescriptions, or other medical services
- Parking tickets, traffic tickets or Car towing if illegally parked
- Health club memberships
- Baby sitter or Pet care fees
- Barbers and Hairdressers

3.0 EXPENSE REPORT PREPARATION AND REIMBURSEMENT

3.1 All business reimbursement expenditures incurred by employees of the Organization are reimbursed through CoolSIS. Reimbursement receipts must be submitted monthly and any receipt that is older than 60 days will not be reimbursed at the discretion of the Chief Financial Officer.

Expense report forms must be filled out completely. Required original receipts for items charged must accompany all reimbursement documentation as well as uploaded into CoolSIS. Any questions regarding completion of the report should be directed to the employee's supervisor or the accounting department.

Upon completion, the expense report along with all attachments should be submitted to the employee's appropriate supervisor in CoolSIS for approval. After approval, the expense report is submitted to the accounting department for processing and reimbursement. In order to expedite reimbursement, the employee should ensure that the report is completed properly, required documentation is attached, proper authorization is obtained, and any unusual items properly explained and documented.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office provider process	Oswaldo Diaz, CFO

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SOP # G&A104 Revision: 1

Prepared by: Central Office

Effective Date: 11/12/15

Approved by: BOD/

Title: G&A104 MANAGEMENT REPORTS

Policy: EdTec will prepare summary reports of vital operating statistics for the Organization, including revenues, current debt, operating cash, accounts receivable and projected short-term cash flows. These reports are to be prepared and are to supplement detailed monthly and quarterly financial reports and are to be used for timely "hands-on" management.

Purpose: To provide the format and content requirements for preparation of the Financial Reports.

Scope: The procedure applies to EdTec and the Finance personnel required for preparation of these reports.

Responsibilities:

EdTec will be responsible for assuring effective and informative reporting for the Organization.

Finance Manager is responsible for preparing and maintaining a summary of all reports.

Procedure:

1.0 PREPARATION GUIDELINES

1.1 The logistics of preparing financial summaries will vary, depending on the accounting system used and the needs of the Organization. Most computerized systems offer an "executive summary" screen of critical financial information. The objective is to provide a quick recap of the financial status of the Organization that should lead to plans for corrective actions or adjustments.

Bi-monthly reports should be considered "exception reports" that provide management the necessary information to understand whether the Organization is progressing as planned.

The timing of reports is critical to the effective operation of the Organization. Reports should be prepared and distributed in a timely fashion following the end of the reporting period.

To improve readability, simplify preparation, and allow users to focus on the materiality of the data, all reporting should be rounded and/or plugged to the nearest \$1 increments when possible. Note: larger companies may wish to focus on \$100 or more increments.

1.2 If details are not available then use control totals and note on the report any estimates. Follow up with actual results as soon as practical. The preparer should keep in mind that the objective of the report is to provide a quick recap of the financial status of the Organization and not a time-consuming detailed

financial analysis. Leave exhausting details in the books for later analysis as required.

- 1.3 Make statements easy to read. Use the following style guidelines to improve readability:
- Use 8-1/2 x 11 paper
 - Use a lot of “white space” on the page
 - Limit columns of figures to three columns
 - Omit cents and use thousands of dollars as appropriate. Indicate on the report the units used in a legend.
 - Indicate only significant expenses and group remaining items
 - The preparer should date (month/day/year) and initial all reports.
- 1.4 EdTec will file a copy of repetitive reports for later retrieval, auditing or trend analysis.
- 1.5 The Finance Manager will prepare and maintain a summary of all reporting. The summary will include the following categories:
- Department or Functional Area
 - Name of Report
 - Purpose of the Report
 - Frequency of Preparation
 - Distribution of Copies
- 1.6 Updates of the summary will be issued to all Organization officers and department managers. Managers should use the summary to determine what information is being compiled and the format and distribution of reporting. Many times duplicate or redundant information gathering, reporting and filing can be avoided by merely changing the format or distribution of existing reports.

2.0 FINANCIAL REPORTS

- 2.1 The Chief Financial Officer and Finance Manager should review accounting program financial reports on a regular basis.

3.0 CASH FLOW REPORT

- 3.1 The Cash Flow Report represents a summary of the cash flowing through the Organization in the near term and identifies any potential shortfall that might occur in the near future before it occurs. The Cash Flow Report should be reviewed quarterly by the Chief Financial Officer. This report supplements the detailed monthly and quarterly financial statement reports and provides a quick look at the cash performance of the Organization.

- 3.2 The Cash Flow Report should include projected operating cash balances for each week with estimated cash receipts by major classifications and projected disbursements by major account classifications.
- 3.3 EdTec will notify the Chief Financial Officer of any shortfall so that the Organization may determine alternative courses of action to rectify the situation.

4.0 BUDGET VS. ACTUAL REPORT

- 4.1 The Budget vs. Actual Report represents a comparison of planned operating expenses to the actual expenses incurred for the period. The objective is to highlight results against plan, percentages and variances and thus provide a basis for management decisions. The Budget vs. Actual Report is prepared and maintained by EdTec on a monthly basis.
- 4.2 The Budget vs. actual report should be divided into three main components. 1) Current period budget, actual and variance totals, 2) a description of the major income and expense account classifications similar to the financial statements, and 3) the Current year-to-date budget, actual and variance totals. The percent column should be used to list each line as a percentage of total revenues. Alternatively, it can also represent the percentage variance or change from last period.

5.0 FINANCIAL STATEMENTS

- 5.1 The Chief Financial Officer, Chief Executive Officer, and the Board of Directors should review the Financial Statements bi-monthly for each board meeting. This report provides one indication of the performance of the Organization.
- 5.2 The Financial Statements typically are comprised of three main parts: The Statement of Financial Position, Statement of Activities, and the Statement of Cash Flows (Statement of Cash Flows quarterly).

The Statement of Financial Position lists all of the Organization's assets (cash, receivables, deposits, inventory, equipment, intellectual property, etc.), liabilities (debt, lease obligations, etc) and net assets. It identifies the assets (which are "the business") and the financiers, or debt and equity holders and the relationship between the two.

The Statement of Activities represents the Organization's operational sources of cash - revenue - or uses - business expenses and is typically divided into operating periods that represent months, quarters or years of operations. It identifies the profitability of the Organization as a function of the accounting decisions.

The Statement of Cash Flows is the difference between the Statement of Financial Position sources and uses of cash and the Statement of Activities sources and uses of cash. This difference assists in identifying the health of the Organization's operations. It identifies whether the Organization is producing cash or consuming cash and at what rate and from what sources.

- 5.3 The Financial Statements should be produced after the close of the Organization's period (see procedure G&A105 PERIOD-END REVIEW & CLOSING). The final Financial Statements form the basis for the Organization's formal presentations to the Board of Directors, or other stakeholders such as banks, outside agencies, or creditors in accordance with procedure G&A109 CONFIDENTIAL INFORMATION RELEASE.

References:**FINANCIAL ACCOUNTING STANDARDS BOARD (FASB)**

Since 1973, the Financial Accounting Standards Board (FASB www.fasb.org) has been the designated organization in the private sector for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports. They are officially recognized as authoritative by the Securities and Exchange Commission (Financial Reporting Release No. 1, Section 101) and the American Institute of Certified Public Accountants (Rule 203, Rules of Professional Conduct, as amended May 1973 and May 1979). FASB pronouncements are the primary sources of GAAP.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

A collection of accounting principles. Typically includes the most recent developments of all generally accepted accounting principles (GAAP) as derived or collected from various technical pronouncements. Sources include FASB statements, interpretations, technical bulletins and concepts; American Institute of CPAs (AICPA); Accounting Principles Board opinions, accounting research bulletins, and position statements; and Securities and Exchange (SEC) financial reporting releases.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Revision of responsibilities	Oswaldo Diaz, CFO

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SOP # G&A105 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: G&A105 PERIOD-END REVIEW & CLOSING

Policy: An orderly, timely and comprehensive review of all general ledger accounts should be performed or directed by the Chief Financial Officer to ensure an accurate representation of the company's financial statements. These practices are aimed at proving that the financial accounts are accurate, and if not, are properly adjusted to make them accurate, prior to closing.

Purpose: To provide a general overview of the process to be completed for reviewing the accounting records at year-end or any particular month-end prior to closing.

Scope: These practices apply to all accounts. Typically, all financial accounts are reviewed and then closed out as of the company's year-end. Consequently, the procedures that follow are discussed in reference to year-end review. However, a sub-set of these procedures is also applicable to month-end reviews. Month-end procedures are identified near the end of this module.

Responsibilities:

EdTec is responsible for creating and reviewing all period-end activities to ensure the period-end financial statements accurately reflect the results of the Organization's activities. All final closing adjustments should be approved by the Chief Financial Officer.

The Financial Analysts are responsible for helping gather all documentation required to complete the period-end closing.

Definition: "Review" refers to the procedures involved in examining the financial statement balances at any given period to ascertain their accuracy.

"Closing" is the process of advancing from one month or period to the next or from one year to the next. In most computerized accounting systems the periods are closed by executing a menu command. Monthly closings usually involve nothing more than entering the next month and responding to the program's suggestion to print various month-end reports or inserting a password such that transactions cannot be entered back in time from a specific point. Even after moving to the next month, many accounting systems allow the user to return to previous months to enter or edit transactions.

The yearly closing is more rigorous since it involves re-setting all Statement of Activities accounts to zero. Once a year is "closed", some accounting systems do not allow the user to go back or open a closed period to make changes. So be careful, once the period is closed, it is

official and any adjustments that are required will need to be made in the current or next open period. The prior year should be password protected once it is closed to prohibit transactions being posted in the prior year.

Background: The financial statement is the most important management tool for the Chief Financial Officer. It is comprised of the statement of financial position and the statement of activities.

The statement of financial position accounts are measured at a moment in time, like a snapshot. They reflect a total of items at any particular time: a total of cash, accounts receivable, inventory, fixed assets, accounts payable, debts, and net assets retained in the company.

The statement of activities accounts are measured over a period of time, like a movie. They represent the sum total of transactions: sales, purchases, payroll, etc. The difference in sales less all related expenses equals the net income or loss for the period of time being measured.

Accounting is a double-entry system. Thus, each business transaction has two equal sides. For example, paying an expense decreases cash on the statement of financial position and increases an expense on the statement of activities. Getting paid for a service, fundraising, or grant revenue increases cash on the statement of financial position and increases revenue on the statement of activities. Because of this interdependency, the accuracy of the statement of activities is dependent upon the accuracy of the statement of financial position.

It is easier to prove the accuracy of the statement of financial position. Adding up how much each customer owes the store or reconciling cash to the bank statement is a much simpler process than attempting to add up each individual sales transaction on the statement of activities. For this reason, more time is actually spent on proving the accuracy of the statement of financial position.

Once the statement of financial position is proven, the statement of activities, in total, must be right! The only errors would be misclassifications, (i.e.: the phone bill could be incorrectly posted to the rent expense account). The accounts of the statement of activities are generally reviewed for reasonableness by comparing amounts to prior periods and analyzing ratios. However, the accounts of the statement of financial position are compared to actual totals of items counted (cash, receivables, inventory, payables, fixed assets, etc.).

The Chief Financial Officer or Finance Manager is encouraged to understand these concepts and to take the initiative to keep the financial statements as accurate as possible, regardless of how much an outside accounting service is utilized.

Procedure:

1.0 CLOSINGS PREPARATIONS

- 1.1 The steps to the actual period-end are not all performed on the exact end of the period. Some accounts cannot be "settled", proved, or reconciled until all third party information is received.

Bank statements from banks usually don't arrive until a couple weeks after a month end. And, many final payroll tax payments and yearly reconciliation forms aren't due until the end of the following month. Also needed are final bills from vendors, credit card statements, month end statements from vendors and year-end loan statements from banks and other financial institutions. All of this information is needed before a business can truly "close its books".

Fortunately, most accounting systems allow a business to continue posting transactions into subsequent months of the new year, without actually "closing" the previous year-end. The Finance Manager should be familiar with the specific software procedures for keeping the prior year open until all final closing adjustments have been made. It's not unusual for businesses to continue processing transactions for almost the entire next year before closing the prior year.

- 1.2 Compile all period-end documents in preparation for closing the accounting period. These documents include:

- Bank statements to all accounts
- Final payroll and tax amounts
- All final bills and month-end statements from vendors
- All credit card statements
- All year-end loan or debt statements
- All asset acquisition and disposition transactions
- All program costs

- 1.3 Fewer procedures are performed at month-end dates. At a minimum the following procedures would be expected for monthly closings:

- Reconcile all bank accounts
- Print and compare the aged receivables and payables to the general ledger. Make appropriate adjustments to balance the accounts.
- Review all Statement of Financial Position and Statement of Activities accounts for completeness
- Retain all above reports in a monthly summary file.

2.0 STATEMENT OF FINANCIAL POSITION: ASSETS

- 2.1 Prepare a year-end closing file to store all reconciliation documents and printed reports as described below.

- 2.2 **Cash accounts** - prepare the bank reconciliations for year-end balances per the bank statement to the balance per books for each account. The year-end reconciliation is especially important for preparing the final year-end financial statements to ensure that it is completely accurate.
- Show origination dates and description of each reconciling item. Prepare the necessary journal entries to adjust to the reconciliations. Prepare a summary of all petty cash and change drawer funds. Totals must agree with the general ledger. File all reconciliation reports in the year-end closing file.
- 2.3 **Accounts Receivable** – Print a detailed aged accounts receivable report and then reconciles it to the General Ledger. This can be prepared as soon as all accounts receivable are calculated as of year-end. Calculate possible allowances for uncollectible accounts. Adjust prior allowances to calculated amount. Write off any un-locatable differences. Retain a complete copy of the detailed accounts receivable, along with any reconciling adjustments in the year-end closing file.
- 2.4 **Inventory** – Supplies inventory may be small but should be evaluated periodically for cost increases.
- 2.5 **Capital Assets** - Update the detailed schedule of fixed assets with any additions and deletions and reconcile to the general ledger balances.
- 2.6 **Other Assets** - Other assets include utility or real estate deposits, prepaid insurance, advances to employees, and intangibles like store pre-opening costs. These should all be identified and documented. For example, a copy of the initial deposit with the utility company, or a list of the facility pre-opening costs with a schedule showing how much of those costs are to be amortized each year. File copies of these documents in the year-end closing file.

3.0 STATEMENT OF FINANCIAL POSITION: LIABILITIES AND NET ASSETS

- 3.1 Liabilities are shown as the amount to be paid in the subsequent period. If in doubt, record the liability.
- 3.2 **Accounts Payable** - Print a detailed aged accounts payable report and reconcile it to the general ledger. This is generally completed 2 to 4 weeks after the year-end to ensure that all vendor invoices relating to services and merchandise purchased have been received and entered.
- Compare all month-end vendor statements to balances per accounts payable and investigate any differences. Consider making adjustments for any significant unrecorded liabilities such as work started prior to year-end, but not yet billed by the supplier. Retain a complete copy of the accounts payable detail, along with any reconciling adjustments, in the year-end closing file.
- 3.3 **Accrued Expenses** - Review accruals for sales tax, payroll, payroll tax, payroll deductions payable, interest expense on short-term borrowings and long-term debt.
- 3.4 **Loan Debt** - Verify recorded accuracy of debt by ensuring the general ledger balances agree to year-end statements from lending institutions. Save all year-end statements in year-end closing file.
- 3.5 **Contingent Liabilities and Commitments** - Prepare a schedule of any outstanding litigation and possible losses. Prepare a schedule of all long-term rental agreements with amounts due by year for the next five years. Retain these schedules in the year-end closing file.
- 3.6 **Net Assets** - Record any changes in the Prior Period Adjustment category but ordinarily this account does not have any transactions directly posted to it.

4.0 STATEMENT OF ACTIVITIES: REVENUE & SUPPORT

- 4.1 **Revenue & Support** – Review all program billings, reimbursement billings, and any other donations.
- 4.2 Additionally, the Chief Financial Officer should periodically review revenue trends, cost associated with revenues, variable expenses and fixed expenses. Look for patterns, new trends, seasonal variances, or profitable emerging products that may indicate changes in customer or program behavior.
- 4.3 The Chief Financial Officer and/or Finance Manager should analytically review the revenue reports and explain all variances.

5.0 STATEMENT OF ACTIVITIES: EXPENSES

- 5.1 Each expense total should be compared to expense total from the year before (and budgets if applicable). Attempt to explain any unusual variances. Some expense items are directly related to asset or liability accounts and can be reconciled in conjunction with the related Statement of Financial Position account.

- 5.2 **Program Costs** - A detailed report should be produced of program costs and analyzed in relation to the associated revenues and to prior periods.
- 5.3 **Payroll** - At year-end, the various payroll expense accounts should agree to total gross payroll per payroll reports. Account for all deductions for W-3 reported to the Social Security Administration, 1099s for vendors, as well as FICA and other taxes reported accordingly.
- 5.4 **Bad Debt Expense** - Prepare a list of all accounts written off during the year. Note specifically any addition to the allowance for uncollectible accounts.
- 5.5 **Interest Expense** - Prepare a schedule of interest expense by source. Reconcile amounts to short-term borrowings and long-term debt.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service provider process	Oswaldo Diaz, CFO

SOP # G&A106 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A106 CONTROLLING LEGAL COSTS

Policy: The Organization will employ various methods to manage and whenever possible, minimize legal expenses.

Purpose: To describe the procedures for managing and controlling associated legal expenses.

Scope: This statement applies to all individuals with the responsibility for contracting legal services and/or approving agreements, contracts, or any other legally associated transactions.

Responsibilities:

Chief Financial Officer will resolve, negotiate, and examine all legal expenses.

Legal Counsel should provide the estimated costs of legal engagements and the most likely outcome.

Definition: Arbitration - is a private, informal process by which all parties agree, in writing, to submit their disputes to one or more impartial persons authorized to resolve the controversy by rendering a final and binding award, which is enforceable in court. It can be used for a wide variety of disputes from commercial transactions to labor grievances.

Declaratory Judgment - is a binding judgment issued by the court that defines the legal relationship between the parties and their rights with respect to the matter before the court. Commonly used in contract disputes (especially useful if no physical agreement exists and or a suit has not been filed yet) to clarify what conduct is permitted or prohibited by the contract or to clarify the contract if necessary.

A declaratory judgment provides the opposing party (defendant) with the opportunity to pick and chose the venue or jurisdiction, and the parties to the litigation. In this manner the opposing party can steal the initiative, direct the litigation, and maximize its chances of winning.

Procedure:

1.0 ARBITRATION

1.1 Whenever practical, the Organization should utilize arbitration to resolve disputes. Arbitration can significantly reduce the amount of time and legal fees to resolve a dispute. The major features of arbitration are:

- A written agreement to resolve disputes by the use of impartial arbitration. Such a provision can be inserted into a contract for the resolution of possible

future disputes, or can be an agreement to submit to arbitration of an existing dispute.

- Under the rules of arbitration, the procedure is relatively simple and informal. Strict rules of evidence do not apply; there is no motion practice or formal discovery; no requirements for transcripts of the proceedings or for written opinions of the arbitrators. The rules are flexible and can be varied by mutual agreement of the parties.
- Impartial and knowledgeable neutrals serve as arbitrators. Arbitrators are selected for specific cases because of their knowledge of the subject matter. Based on that experience, arbitrators can render an award grounded on thoughtful and thorough analysis.
- Final and binding awards which are enforceable in a court. Court intervention and review is limited by applicable state or federal arbitration laws, and award enforcement is facilitated by these same laws.

1.2 The following standard clause should be inserted whenever practical into contracts, agreements, etc. to provide for the arbitration of possible future disputes:

"Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration in accordance with the Commercial [or applicable] Rules of the American Arbitration Association and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof."

The arbitration of existing disputes may be accomplished by mutual agreement of parties with the use of the following terminology:

"We, the undersigned parties, hereby agree to submit to arbitration under the Commercial [or applicable] Rules of the American Arbitration Association the following controversy.

[Describe Briefly]

We further agree that we will faithfully observe this agreement and the rules, and that we will abide by and perform any award rendered by the arbitrator(s) and that a judgment of the court having jurisdiction may be entered upon the award."

2.0 LEGAL SERVICES

2.1 All legal documents prepared for the company's use, such as vendor contracts, employment agreements, sales orders, etc. should be written in common language and whenever possible should avoid the use of legalese or jargon. Legalese tends to complicate even simple arrangements and often unnecessarily requires the incurrence of legal assistance for mere interpretive purposes.

- 2.2 Before undertaking legal disputes, the Organization's legal counsel should ascertain and inform the Organization of the estimated costs that will be incurred for the legal engagement and the probable or most likely outcome of the case along with the probable amount of any awards or judgments. Use this information to produce a budget and clarify any matters that are increasing the budget. A budget will provide some assurance that the legal counsel has thought the matter through and it will also provide a baseline to determine the legal utility obtained from the matter.
- 2.3 Use legal action only as a last resort. Legal action is frequently not very effective. In fact, a threatened action — particularly with intellectual property — could result in a pre-emptive declaratory judgment lawsuit by the other party thus giving them the “home-field” advantage, which could lead to higher legal costs.

3.0 LEGAL BILLINGS

- 3.1 Consider negotiating a “money-back” guarantee with the right to audit any bill for up to six months. Request that all fees that are proven to be unnecessary or excessive be returned. Then examine all legal bills for any such unnecessary or excessive transactions.
- 3.2 Many times, legal bills are aggregated, vague and too uninformative to be useful in controlling costs. Therefore, all legal arrangements contracted by the Organization should require itemized billings to include the following information:
- Start and end times and dates of each service transaction
 - Detailed description of services provided or work performed
 - Distinct itemization of each individual performing services
- 3.3 Examine all internal discussions or conferences and note exactly who is working on the case and why. Ask for a justification for all attorneys working on the case.
- 3.4 Consider alternatives such as contingent fees, fixed fees, and monthly retainers. All fees are negotiable.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # G&A107 Revision: 1

Prepared by: Central Office

Effective Date: 11/12/15

Approved by: BOD

Title: G&A107 TAXES AND INSURANCE

Policy: To ensure compliance with all Federal, state, local, and other regulatory taxation requirements

Purpose: To outline the general areas of taxation. To be used as a checklist or guide in complying with tax requirements related to each specific location and organizational structure.

Scope: This statement applies to the business activities of the company.

Responsibilities:

The Financial Analysts are responsible for determining all tax liabilities and fees, and the dates due

EdTec is responsible for ensuring the timely payment of all tax liabilities and fees..

Procedure:

1.0 ORGANIZATION FEES AND TAXES

1.1 Fees and taxes will vary depending on the legal structure of the business activity. The Organization is a Not-For-Profit organization; however, there may be from time to time revenue earned that is taxable as if the Organization were a For-Profit entity and those profits would be considered Unrelated Business Income and subject to tax.

1.2 The School Site Accountant should check with the secretary of state, registry of charitable trusts, the IRS, and any other agency that non-profit organizations may pay fees with in order to ensure all fees are paid in a timely manner. Failure to pay such fees can result in the loss of the company's legal status or structure.

2.0 UNRELATED BUSINESS INCOME TAX

2.1 Activities conducted not related to the exempt purpose of the Organization can be subject to unrelated business income tax.

3.0 PAYROLL FEES AND TAXES

3.1 The Federal and state governments charge an **unemployment tax**, based on a specified minimum amount of each worker's salary level. For most states, the rate can change from business to business depending on the Company's history of claims and the economic health of the state in which the Company is located.

3.2 **Worker's compensation insurance** may be imposed by a state like a tax. It can also vary based on the amount of payroll, past history of worker's compensation claims, and the type of work in which the business is engaged. This coverage is generally arranged through an insurance company.

- 3.3 At the Federal level, payroll is taxed at a uniform rate for **Social Security** and **Medicare**. These two taxes are evenly shared between the company and the employee up to certain levels of income. Additionally, personal income taxes, based on the employee's compensation, must be **withheld** from the employee's earnings and remitted to the government by the company, along with the company's and employee's share of **Social Security** and **Medicare** taxes.
- 3.4 In California, a portion of the employee's compensation is also **withheld** and remitted to the state by the Organization.
- 3.5 Other payroll withholdings, mandated by Federal or state requirements, may require wage garnishments to fulfill a bankruptcy edict or childcare payment requirement.
- 3.6 The Treasury Department and or the Internal Revenue Service (IRS) collects all monies due the Federal Government. Technically, withholding amounts deducted from a paycheck are considered the government's money and the business owner is temporarily holding the money, in deposit, until it can be transferred to the government. Any failure to pay in a timely fashion is considered a serious matter by the IRS and will not be ignored.

The IRS will impose a penalty for failing to pay the required withholding amounts on time. In addition, interest will be charged until the amount is paid. Both interest and penalties imposed by the IRS can add up significantly. Therefore, the IRS is not a good source to "borrow" money from if cash is tight.

Note: Money due the IRS is NOT dischargeable in bankruptcy.

- 3.7 Certain local municipalities charge an **Earnings tax** based on payroll, income, assets, stock options granted or any combination. Check with the city clerk for details.

4.0 EXCISE TAXES

- 4.1 There are many different federal government taxes or fees imposed on the commerce of different types of businesses. The following represents the most common.
- 4.2 Penalties and interest may result from any of the following acts.
- Failing to collect and pay over tax as the collecting agent.
 - Failing to keep adequate records.
 - Failing to file returns.
 - Failing to pay taxes.
 - Filing returns late.
 - Filing false or fraudulent returns.
 - Paying taxes late.
 - Failing to make deposits.

- Depositing taxes late.
- Making false statements relating to tax.
- Failing to register.

5.0 OTHER TAXES AND CREDITS

5.1 Many state, counties, and cities impose **real estate taxes**. The Organization should ensure that where possible the Organization has applied for exemption from property taxes as a non-profit organization.

5.3 **Sales Taxes** – at this time, the Organization does not sell any products and is not subject to sales tax.

6.0 TAX PAYMENTS

6.1 The School Site Accountant should create and maintain a detailed tax calendar as a guide, which provides a sample guide to some of the most common taxes. The guide should serve a reminder of tax due dates.

7.0 INSURANCE

7.1 Insurance needs for a business can be grouped in two broad categories, those that are directed at safeguarding assets and those that are furnished as employee benefits. Employee benefit insurance such as, health insurance, disability insurance and key man life insurance, should be considered in light of its importance in the entire employee compensation mix and in light of the personal needs of the company's owner(s).

7.2 Insurance used for safeguarding company's assets includes: property, casualty, key-man and professional liability insurance, as well as auto insurance, errors and omissions, directors' liability or business interruption insurance. The levels and terms of these policies should be determined based upon the value of the assets at risk and creditor or state and local requirements.

7.3 Business with a lot of employees should consider employment practices liability insurance covers businesses against some types of employee lawsuits including:

- Sexual harassment
- Discrimination
- Wrongful termination
- Breach of employment contract
- Negligent evaluation
- Failure to employ or promote
- Wrongful discipline
- Deprivation of career opportunity

- Wrongful infliction of emotional distress
- Mismanagement of employee benefit plans

7.4 Certificates of insurance may be required to be on file or on display depending on governmental requirements. It is important to consider that the insurance policy is a contract. Each year's policy should be saved in a permanent file. A product liability suit can go back many years, and if the potential claim is significant, the protection afforded by the prior year's insurance coverage will be improved if that year's policy has been saved.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service provider process	Oswaldo Diaz, CFO

SOP # G&A108 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A108 PROPERTY TAX ASSESSMENTS

Policy: All property tax assessments will be reviewed for accuracy and proper assessed valuations to ensure minimum property tax costs to the Organization.

Purpose: To outline the areas for review in assessments and methods for appealing overstated assessments. A Non-Profit property tax exemption is the preferred method to minimize property taxes.

Scope: This statement applies to the Finance Department for property tax assessments for all sites owned by the Organization.

Responsibilities:

The Chief Financial Officer is responsible for reviews of Assessments including the review of Property Descriptions, validating record accuracy and submitting appeals to local Assessor's Offices.

Procedures:

1.0 REVIEW OF ASSESSMENTS

1.1 All assessments are to be promptly reviewed. Many jurisdictions only allow a challenge to an assessment within 30 days after the annual notice of assessed value is sent. If the Finance Department misses the deadline, the Organization loses the chance to reduce the year's property taxes. There are normally no refunds for prior years' property taxes even if successfully challenged in the future. Often, it may be advisable to begin the analysis process prior to receiving the assessment notice.

1.2 When reviewing an assessment, the first step is to find out how the property was assessed. Ask for a full explanation of how the assessed value was derived. Assessors are usually cooperative in providing this information.

1.3 Upon receipt of the basis for assessment, the following factors should be reviewed:

Note: Do not make the mistake of thinking property has received a favorable low assessment just because its assessed value is less than its market value. Many jurisdictions use "assessment ratios" that are a percentage of market value. What is important is the amount of a property's assessment compared to those of similar properties. A below market assessment may in fact be very high.

- **Research Similar Properties:** Tax assessments are part of the public record. Assessments of similar properties to the Organization's should be looked up to see that the Organization's assessment is in line. The objective is to find assessed values for similar properties that are far lower than the Organization's. For example, organization locations within industrial parks or similar developments should be easy to find very similar properties for comparison.
- **Review Property Descriptions and Accuracy of Records:** Review records for possible clerical errors. Ensure that property descriptions are correct and the building size (total square feet) is not overstated. Make sure that all dates are correct and that all calculations are properly computed. A wrong construction date or simple mathematical error can increase tax valuations.
- **Deflate Property Valuations:** Tax assessors generally value property on the basis of historical cost and the recent sales prices of other properties in the area. Often, when figuring local property taxes, numbers reported on the federal tax return will be used. Depreciable assets are valued at cost on the federal return when figuring depreciation deductions. However, the appropriate assessment for market value for property tax purposes may very different. Further, instead of performing actual physical inspections or assessments of properties every year, local assessors use "equalization ratios" to adjust the annual assessment. The equalization ratio is a type of an inflation adjustment meant to reflect the current general trend in property values. However, the current trend in property values may not apply to the Organization's property.

1.4 If the Organization can provide solid reasons for using different measures to value property, it may be able to receive a reduction in property taxes. Possible valuation methods can include:

- **Income Production:** Measure the current value of the cash flow stream generated by the property, which may be substantially lowered during a recession.
- **Replacement or Reproduction Cost:** How much it would cost to replace or reproduce the property should be determined. For example, if the construction industry is in a downturn, the cost to replace the property may be less than what the Organization paid for the property.
- Also the Organization should evaluate if it incurred any construction cost overruns due to bad weather, labor disturbances, material shortages, etc., that may have increased the cost of a new building without adding to its value. Decorative features may also add much less value than their actual cost.
- **Market Prices:** The actual recent sales of similar properties may show that the Organization's property is over-assessed.

- **Unique Features or Business Obsolescence:** Changes to the characteristics of the property or features specific to the Organization's business may reduce its value. Examples can include:
 - Change in zoning restrictions that limit the use of the property.
 - Changes in neighborhood logistics, such as a median divider placed in a highway that deprives a location from access to customers, rerouting of a highway, closing of a railroad line or economic decline in the area that forces the Organization's traditional customer base to move away.
 - Obsolete design for the Organization's particular business needs such as a facility that has been specially designed to hold machinery that has been made obsolete by a competitor's innovation or a communications facility built with conventional wiring that is obsolete due to a switch in the industry to the use of fiber optics.
 - Unique design aspects which meet Organization needs but would reduce the value of a property to others.
 - A general downturn in the Organization's industry.
 - **Including Personal Property in Building Valuations:** Property that is movable is personal property and should not be included in a valuation of the building. Many items such as piping, wiring, climate control systems, generators, special supports and foundations for equipment may look like part of the building to the assessor but should not be included in the building's assessment.
- 1.5 Where the Organization is renting classroom or other facilities with triple net leases that includes property taxes that the Organization paid, the Organization should consider evaluating the lease location for the possibility that the landlord has not lowered the property taxes or is charging an unfair higher property tax to the Organization.
- 1.6 Under all circumstances the Organization should seek a property tax exemption or waiver. Often times the County will assess taxes for the first year, and the waiver will apply thereafter.

2.0 APPEALING OF ASSESSMENTS

- 2.1 If upon review of the assessment and all other factors, the Finance Department believes a downward adjustment to the property assessment is appropriate, an appeal should be prepared. Experience has shown that if an organization presents a sound argument for challenging an assessment, the Organization has an excellent chance of receiving some type of tax reducing adjustment even if it is less than the Organization had requested.
- 2.2 The appeal case should include documentation of the above findings. It is important to keep in mind that the property tax assessor may not be familiar with

the details of the Organization's business or industry, so the Organization must prepare to explain how such factors may affect a property's value.

- 2.3 Once a sound case is prepared, an appeal can be sought by simply calling the local assessor's office and asking for an appointment to discuss the assessment. The meeting with the local assessor will generally be informal. It is important to not be adversarial with the assessor but to present the attitude that the Organization is helping the assessor to reach a more accurate valuation for the property by presenting additional information.
- 2.4 If the Organization does not receive any or a large enough adjustment, an appeal may be made with the local Board of Appeals. These meetings will probably be more formal and the Organization may wish to provide expert testimony or obtain an independent appraisal of the property to present to the Board of Appeals.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # G&A109 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A109 CONFIDENTIAL INFORMATION RELEASE

Policy: The release of financial, statistical or other information that may be of a confidential nature to the Organization should be controlled. Individual requests should be referred to the Chief Financial Officer, Finance Manager, or appropriate manager for disposition.

Purpose: To provide a means for the control of information to banks, media, credit bureaus, or other agencies and organizations.

Scope: All requests by an outsider to an employee regarding financial, revenue, marketing, customers, personnel, vendors, or other Organization confidential information. If in doubt, verify with the Chief Financial Officer or Finance Manager.

Responsibilities:

Chief Financial Officer is responsible for safeguarding all Organization information and determining the appropriate level of detail for release.

Finance Manager is responsible for assuring effective control of informative requests.

Office Manager shall oversee all responses to all reference requests.

Procedure:

1.0 FINANCIAL INFORMATION REQUESTS

- 1.1 Typical written requests are for additional information concerning details of the published financial statements, litigation progress, insurance coverage, names of investors, etc. If the request is by letter or other written correspondence, the material shall be forwarded to the Chief Financial Officer who will decide what information may be released and who will be authorized to reply.
- 1.2 If the request is by telephone or a personal visit to our office, the requester should be referred to the Chief Financial Officer or the Finance Manager. If either is unavailable, the requester should be asked to provide their name, Organization, telephone number and address, if possible. Also they should be asked the reason for the request and a brief description of the information desired. This information should be written down and forwarded to the Chief Financial Officer for follow-up.
- 1.3 The Chief Financial Officer should determine the appropriate response for each request. Formal Financial Statement presentations to the Board of Directors, or other stakeholders such as banks, should be accompanied by an opinion or comment from the Organization's Certified Public Accountant (CPA) prior to any formal presentation. (If no outside CPA review is obtained then some people may

consider the Financial Statements as “Pro-Forma” and then request copies of completed tax returns). The accountant will examine the Financial Statements and prepare a formal version to one of three standards: compiled, reviewed or audited. The Organization should use an economically appropriate CPA standard sufficient to satisfy outside requirements.

The CPA standards are as follows:

- Compiled Financial Statement. The CPA is unable to make any assurances on the data or methods used to produce the financial statements. The CPA will re-cast the financial statements into a standard format (as per Generally Accepted Accounting Principles or GAAP) with a disclaimer that the statements are un-audited and the information is solely derived from the management of the business entity.
- Reviewed Financial Statement. The CPA is able to make some limited assurances that material changes are not required in order for the Financial Statements to be in conformity with GAAP. The CPA uses limited inquiry and some analytical procedures to ascertain the reasonableness of the statements. The information is then re-cast into a standard format with appropriate footnotes and a disclaimer that the statements are un-audited and only a limited inquiry has been made into the reasonableness of the information.
- Audited Financial Statement. The CPA provides assurance, through an opinion letter, that the financial statements are a fair representation of the financial position, results of operations, and cash flows of an entity. This opinion is given after a detailed review and verification of the accounting records and processes used to produce the data. Verification steps include various analytical procedures, client surveys, third party confirmation, and detailed accounting record reviews.

Any irregularities found could lead to either a “qualified” opinion, to indicate that something is inconsistent with GAAP, or an “adverse” opinion, which calls into question the reliability of the information itself. The CPA considers an adverse opinion very serious.

- 1.4 Some types of confidential information may require the signing of G&A109 Ex1 NON-DISCLOSURE AGREEMENT, prior to release. This may include requests for product release schedules, development plans, elements of corporate strategy, customer lists, intellectual property, financial information, legal proceedings, or time sensitive information.

2.0 PERSONNEL INFORMATION REQUESTS

- 2.1 The Office Manager shall oversee all responses to all reference requests. No other employee, including a former employee’s immediate supervisor, shall be authorized to respond independently without first obtaining approval from Human Resources.

- 2.2 All requests should be in writing, using Organization letterhead, indicating in that letter that the subject of the reference request has applied for a job. Information is not to be provided over the phone.
- 2.3 Each response shall be obtained only from people with first-hand knowledge of the employee's performance.
- 2.4 The Office Manager shall review all responses to ensure that:
 - Only factual information about the employee's job performance and qualifications for employment are included in the response. At no time should a response include emotions, personal feelings, rumors, non-work-related comments or exaggerations.
 - If at all possible it is important that some form of documentation or solid evidence supports all information provided in the response.
- 2.5 Retain a copy of all responses, including the contents of any oral response, in the former employee's personnel file.

3.0 CREDIT REFERENCE INQUIRIES

- 3.1 All credit reference requests should be in writing. Information requests should be directed to the Office Manager and are not to be provided over the phone.
- 3.2 The Office Manager should review the Credit Inquiry form for completeness prior to responding. Retain a copy of all responses, including the contents of any oral response, in the customer's file.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

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G&A109 Ex1 NONDISCLOSURE AGREEMENT

This NONDISCLOSURE AGREEMENT is made and entered into as of (DATE) between (THE ORGANIZATION NAME, STATE OF INCORPORATION AND ADDRESS), and (OTHER PARTY NAME, STATE OF INCORPORATION AND ADDRESS).

1. **Purpose.** The parties wish to explore and/or implement a business opportunity of mutual interest, and in connection with this opportunity, each party may disclose to the other certain confidential technical and business information that the disclosing party desires the receiving party to treat as confidential.

2. **"Confidential Information"** means any information disclosed by either party to the other party, either directly or indirectly, in writing, orally or by inspection of tangible objects (including, without limitation, documents, prototypes, samples, plant and equipment) that is designated as "Trade Secret", "Confidential", "Proprietary" or some similar designation, or is of such a nature or has been disclosed in such a manner that it should be obvious to the receiving party that such is claimed as confidential. Information communicated orally shall be considered Confidential Information within a reasonable time after the initial disclosure. Confidential Information may also include information disclosed to a disclosing third party by third parties. Confidential Information includes, without limitation, a disclosing party's trade secrets, know-how, intellectual property and proprietary information as well as business plans, financial data and the status and terms of any discussions between the parties regarding a potential business transaction. Confidential Information shall not, however, include any information that (i) was publicly known and made generally available in the public domain prior to the time of disclosure by the disclosing party; (ii) becomes publicly known and made generally available after disclosure by the disclosing party to the receiving party through no action or inaction of the receiving party; (iii) is already in the possession of the receiving party at the time of disclosure by the disclosing party as shown by the receiving party's files and records immediately prior to the time of disclosure; (iv) is obtained by the receiving party from a third party without a breach of such third party's obligations of confidentiality; (v) is independently developed by the receiving party without use of or reference to the disclosing party's Confidential Information, as shown by documents and other competent evidence in the receiving party's possession; or (vi) is required by law to be disclosed by the receiving party, provided that the receiving party gives the disclosing party prompt written notice of such requirement prior to such disclosure and assistance in obtaining an order protecting the information from public disclosure.

3. **Non-use and Non-disclosure.** Each party agrees not to use any Confidential Information of the other party for any purpose except to evaluate and engage in discussions concerning a potential business relationship between the parties. Each party agrees not to disclose any Confidential Information of the other party to third parties or to such party's employees or agents, except to those employees or agents of the receiving party who are required to have the information in order to evaluate or engage in discussions concerning the contemplated business relationship. A receiving party shall be responsible and liable for the action of its employees and agents with respect to a disclosing party's Confidential Information and shall fully cooperate with the disclosing party in enforcing any rights of the disclosing party against any such person in connection with a breach of this Agreement. Neither party shall reverse engineer, disassemble or de-compile any prototypes, software, or other tangible objects that embody the other party's Confidential Information and that are provided to the party hereunder. Neither party shall hire any employees of the other during the term of this Agreement and for a period of two years thereafter.

4. **Maintenance of Confidentiality.** Each party agrees that it shall take reasonable measures to protect the secrecy of and avoid disclosure and unauthorized use of the Confidential Information of the other party. Without limiting the foregoing, each party shall take at least those measures that it takes to protect its own highly confidential information and shall ensure that its employees and agents who have access to Confidential Information of the other party have signed a Non-use and Non-disclosure agreement in content similar to the provisions hereof, prior to any disclosure of Confidential Information to such employees and agents. Neither party shall make any copies of the Confidential Information of the other party unless the other party previously approves the same in writing. Each party shall reproduce the other party's proprietary rights notices on any such approved copies, in the same manner in which such notices were set forth in or on the original.

5. **Ongoing Development.** Nothing in this Agreement shall prohibit or restrict either party's right to develop, use or market products or services similar to or competitive with those of the other party disclosed in the Confidential Information as long as such shall not otherwise be a breach of this Agreement. Each party acknowledges that the other may already possess or have developed products or services similar to or competitive with those of the other party disclosed in the Confidential Information. Each party shall remain free to use in the course of its business its general knowledge skills and experience incurred before, during or after the date of this Agreement and the activities hereunder.

6. **No Obligation.** Nothing herein shall obligate either party to proceed with any transaction between them and each party reserves the right, in its sole discretion, to terminate the discussions contemplated by this Agreement concerning the business opportunity. Upon termination of such discussions the parties shall return all Confidential Information as provided in paragraph 8 and shall have no further rights to evaluate or use the Confidential Information of each other for any purpose whatsoever.

7. **No Warranty.** ALL CONFIDENTIAL INFORMATION IS PROVIDED "AS IS." THE PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR OTHERWISE, REGARDING THE ACCURACY, COMPLETENESS OR PERFORMANCE OF ANY OF ITS RESPECTIVE CONFIDENTIAL INFORMATION.

8. **Return of Materials.** All documents and other tangible objects (except for any tangible objects purchased by a party) containing or representing Confidential Information that have been disclosed by either party to the other party, and all copies thereof which are in the possession of the other party, shall be and remain the property of the disclosing party and shall be promptly returned to the disclosing party upon the disclosing party's written request.

9. **No License.** Nothing in this Agreement is intended to grant any rights to either party under any patent, mask work right, trademark, trade secret or copyright of the other party, nor shall this Agreement grant any party any rights in or to the Confidential Information of the other party except as expressly set forth herein.

10. **Term.** The obligations of each receiving party hereunder shall survive until such times as all Confidential Information of the other party disclosed hereunder becomes publicly known and made generally available through no action or inaction of the receiving party. Notwithstanding the surviving obligations of a receiving party to maintain the confidentiality of a disclosing party's Confidential Information either party may at any time given written notice to the other party that it does not desire to receive any additional Confidential Information from the other party. After receipt of such notice, such party shall no longer furnish its Confidential Information to the notifying party.

11. **Remedies.** Each party agrees that any violation or threatened violation of this Agreement may cause irreparable injury to the other party, entitling the other party to seek injunctive relief in addition to all other legal and equitable remedies.

12. **General Provisions.** This Agreement shall bind and inure to the benefit of the parties hereto and their successors and assigns. This Agreement shall be governed by the laws of the State of Missouri, without reference to conflict of laws principles. This document contains the entire Agreement between the parties with respect to the subject matter hereof. Any failure to enforce any provision of the Agreement shall not constitute a waiver thereof or of any other provision. This Agreement may not be amended, nor any obligation waived, except by a writing signed by both parties hereto.

(THE ORGANIZATION).

(THE OTHER PARTY)

By:

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

SOP # G&A110 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A110 DOCUMENT CONTROL

Policy: All documents used to provide work direction or set policy should be reviewed, approved, distributed and controlled by the office of the Chief Financial Officer.

Purpose: To define the methods and responsibilities for controlling documents used to provide work direction or set policy, and to define methods for document revision, approval, and distribution.

Scope: This procedure applies to all documents required by the Accounting Management System. Documents of internal or external origin are included.

Responsibilities:

The Chief Financial Officer is responsible for controlling and reviewing, at least annually, the Accounting Manual, all procedures and instructions related to the Accounting Management System, and all External Documents that are required.

The Finance Manager is responsible for maintaining and controlling the Accounting Manual, all procedures and instructions related to the Accounting Management System, and all External Documents that are required.

School Principals are responsible for ensuring the relevant versions of documents are available at the points of use and that they are legible.

Definitions: Controlled Document: A document that provides information or direction for performance of work is that is within the scope of this procedure. Characteristics of control include such things as Revision Number (letter), Signatures indicating review and approval, and Controlled Distribution.

Document: Information and its supporting medium. The medium can be paper, magnetic, electronic, optical computer disc, photograph, or sample.

External Document: A document of external origin that provides information or direction for the performance of activities within the scope of the quality management system. Examples include but are not limited to: customer drawings, industry standards, international standards, or equipment manuals.

Procedure:

1.0 DOCUMENT DISTRIBUTION

- 1.1 Federal, State, and Local grants and contracts should be controlled. It is up to the Chief Executive Officer, Chief Financial Officer, and Chief Operations Officer to dispose of previous revisions as new revisions are released.
- 1.2 Each applicable department is responsible for maintaining each department's controlled documents. Examples of external documents include Memorandums of Understanding that may be used or referenced.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

G&A110 Ex1 REQUEST FOR DOCUMENT CHANGE (RDC)

Date: _____ RDC No.: _____

Originator: _____

Document Title and Publication Date: _____

Page and Chapter, or Paragraph Number: _____

Description Of Problem, Opportunity Or Reason For Request (Define in Detail):

Solution Recommended (if known) Date Action Required By: _____

Comments: _____

Department Manager Approval: _____

Recommended Solution To Problem or Postponement/Dissolution of Request
(attach all necessary documentation to support response) _____

Approved By: _____ Date: _____

PROCEDURE FOR COMPLETING FORM

- 1) Complete top section of this form except for RDC number
- 2) Obtain Department Manager's approval
- 3) Forward original to the Office Manager who will assign a RDC number (Note: one copy will be returned to originator with RDC number assigned.
- 4) The Office Manager will take action and if appropriate will proceed with an RDC.
- 5) The Office Manager returns a copy to Originator upon resolution of request.

Distribution: Original - RDC File Copy 1 - Originator

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G&A110 Ex2 DOCUMENT CHANGE CONTROL

Date: _____

DCN#: _____

RDC#: _____

Doc. or Part No.	Description of Change, Documents affected and reason(s) for change(s)	Action Code(s)	Effective Date

Change Action Required

Make/order New Document: _____

Current Docs:

- Use until depleted
 Return for Credit
 Scrap
 Save for spares

Other: _____

Comments: _____

Authorization(s): Chief Financial Officer

Authorization(s): Office Manager

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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SOP # G&A111 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A111 FACSIMILE AND E-MAIL SIGNATURES

Policy: Fax and E-mail signatures are accepted as if the signature were an authentic wet blue ink signature for any official document.

Purpose: The purpose of this policy is to provide a clear explanation of the guidelines surrounding the use of Fax and E-mail signatures on Organization provided and received E-mail accounts and Fax Documents.

Scope: This applies to all Organization E-mail and Fax documents.

Responsibilities:

Chief Financial Officer is responsible for review and approval of signatures.

Background: E-mail and fax communication are often used more than any other form of communication, is a form of business communication. The format of E-mail and fax documents should be professional in terms of signature and other formatting. E-mail and fax signatures should follow certain guidelines to fit with the overall image of the Organization. As such, the style of address, tone, spelling, grammar and punctuation of all messages should reflect the standards of formal business communication.

Procedure:

1.0 FAX AND E-MAIL SIGNATURES

1.1 What should be included in an e-mail signature:
E-mail and fax signatures should include your name, job title, department, mailing address, telephone and fax numbers, and Web site address. This should be in plain text format to easily accommodate all types of users.

When the signature is for a contract or approving a document or official in any nature, the signature should only be acceptable if the signature is in original "blue" ink.

1.2 What should not be included in a fax or e-mail signature:
Elements that should not be included in fax or e-mail signatures include colored text, very large or complicated fonts, images, clip art or personal quotes. Faculty

and staff should also refrain from using background images or stationary in their e-mail correspondence.

- 1.3 No fax or e-mail document is considered officially received as if it were an original blue ink wet signature until after the Organization has sent a formal reply to the fax or e-mail that the signature has been accepted.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # G&A112 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A112 MAINTENANCE REQUESTS

Policy: Any maintenance work must be approved and pre-authorized.

Purpose: The purpose of this policy is to provide a clear explanation of the guidelines in obtaining approval for building, equipment, and general maintenance services.

Scope: This applies to any and all maintenance type service requests.

Responsibilities:

Chief Financial Officer or the Chief Financial Officer's staff designee is responsible for review and approval of maintenance requests.

Background: MERF and/or its maintenance contractors has the responsibility to repair, make replacements and adjust equipment and buildings in response to conditions discovered during performance of preventive maintenance, equipment breakdown/improper operation or employee complaint. MERF and/or its maintenance contractors shall respond to and accomplish any request that is relevant to the successful operation of the Organization and its school and system locations.

Procedure:

1.0 MAINTENANCE REQUESTS

1.1 Maintenance requests will be reviewed and approved or disapproved by the Chief Financial Officer and/or the designated staff.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # G&A113 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A113 ELECTRONIC BACKUP OF ACCOUNTING INFORMATION

Policy: All electronic accounting information systems must be backed up every week at a minimum on the Organization's server.

Purpose: The purpose of this policy is to provide a clear explanation the need to backup electronic accounting data regularly.

Scope: This applies to the QuickBooks accounting program.

Responsibilities:

School Site Accountant is responsible for ensuring that the accounting program information is properly backed up.

Background: Electronic Accounting Information Backup means measures should be adopted that ensures that all electronic accounting data is properly backed up to secondary sources such as off-site web based services and/or other media to protect the Organization's information in the event of any form of electronic data loss.

Procedure:

1.0 ELECTRONIC BACKUP OF ACCOUNTING INFORMATION

1.1 The QuickBooks electronic accounting information should be backed up by using two means. On a weekly basis, the School Site Accountant should perform a QuickBooks backup of the data using the QuickBooks software procedure. This backup copy should be stored on the Organization computer server. The Organization computer server with the QuickBooks accounting file should be backed up weekly.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # G&A114 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A114 POLITICAL INTERVENTION

Policy: Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of MERF that the Organization shall not incur any expenditure for political intervention. Political intervention does not include lobbying activities, defined as the direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code.

Purpose: The purpose of this policy is to provide a clear explanation of what the Organization may and may not be involved in with regards to politics.

Scope: All political activities of the Organization.

Responsibilities:

Chief Executive Officer is responsible for ensuring that the Organization is not seen as a political organization.

Background: The Organization is very well known and as such, political candidates may seek endorsements from MERF. This policy clarifies what MERF can and cannot do with regards to politics.

Definition: Political Intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the Federal, California or local level.

Procedure:

1.0 PROHIBITED EXPENDITURES

1.1 Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

MERF will comply with all Federal and State laws and regulations regarding political intervention, lobbying, etc. Federal funds and those assets paid for by this program may not be used in any partisan activity.

2.0 ENDORSEMENTS OF CANDIDATES

2.1 It is the policy of MERF not to endorse any candidate(s) for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of MERF, when these individuals are acting on behalf of, or are otherwise representing, MERF.

3.0 PROHIBITED USE OF ASSETS AND RESOURSCES

2.1 It is the policy of MERF that no assets or human resources of MERF shall be utilized for political activities, as defined above. This prohibition extends to the use of MERF assets or human resources in support of political activities that are engaged in personally by board members, members of management, employees, or any other representatives of MERF. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing that they are acting on behalf of MERF), these individuals must at all times be aware that MERF resources cannot at any time be utilized in support of political activities except as identified in “1.0” above.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # G&A115 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: G&A115 ACCRUED LIABILITIES

Policy: The Organization will establish a list of commonly incurred expenses that may require accrual at the end of the fiscal year accounting period.

Purpose: The purpose of this policy is to properly recognize and accrue liabilities.

Scope: This applies to potential liabilities.

Responsibilities:

The Financial Analysts with the support of EdTec are responsible for ensuring that the accrued liabilities are properly accounted for.

Background: Accrued liabilities are liabilities that have been incurred such as vacation pay but have not been paid.

Procedure:

1.0 Accrued Liabilities

1.1 Some of the expenses that shall be accrued by MERF at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Vacation pay/Compensated absences
- Rent
- Interest on notes payable
- Insurance premiums
- Audit fees
- Charter Management Organization fees

Revision History:

Revision n	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service provider	Oswaldo Diaz, CFO

SOP # G&A116 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: G&A116 NOTES PAYABLE

Policy: It is the policy of MERF to maintain a schedule of all notes payable, mortgage obligations, lines of credit, and other financing arrangements. This schedule shall be based on the underlying loan documents.

Purpose: The purpose of this policy is to properly track and recognize all notes payable and other similar obligations.

Scope: This applies to notes, loans, lines of credit, and obligations of the Organization.

Responsibilities:

EdTec is responsible for ensuring that all notes, loans, and other similar obligations are properly accounted for.

Background: Properly tracking and monitoring long term debt such as loans is important such that as payments become due, the Organization has sufficient cash flow to honor the obligation.

Procedure:

1.0 NOTES PAYABLE

1.1 Prepare a schedule that shall be based on the underlying loan documents and shall include all of the following information:

1. Name and address of lender
2. Date of agreement or renewal/extension
3. Total amount of debt or available credit
4. Amounts and dates borrowed
5. Description of collateral, if any
6. Interest rate
7. Repayment terms
8. Maturity date
9. Address to which payments should be sent
10. Contact person at lender
11. Loan covenants, if applicable

2.0 ACCOUNTING AND CLASSIFICATION

2.1 An amortization schedule shall be maintained for each note payable. Based upon the amortization schedule, the principal portion of payments due with the next

year shall be classified as a current liability in the statements of financial position of MERF. The principal portion of payments due beyond one year shall be classified as long-term/non-current liabilities in the statements of financial position.

- 2.2 Demand notes and any other notes without established repayment dates shall always be classified as current liabilities.

Unpaid interest expense shall be accrued as a liability at the end of each accounting period.

- 2.3 A detailed record of all principal and interest payments made over the entire term shall be maintained with respect to each note payable. Periodically, the amounts reflected as current and long-term notes payable per the general ledger shall be reconciled to these payment schedules and the amortization schedules, if any, provided by the lender. All differences shall be investigated.

3.0 NON-INTEREST-BEARING NOTES PAYABLE

- 3.1 As a charitable organization, MERF may from time to time receive notes payable that do not require the payment of interest, or that require the payment of a below-market rate of interest for the type of obligation involved. In such cases, it shall be the policy of MERF to record contribution income for any unpaid interest.
- 3.2 For demand loans, recording of interest expense and contribution income shall be performed at the end of each accounting period, based on the outstanding principal balance of the loan during that period, multiplied by the difference between a normal interest rate for that type of loan and the rate, if any, that is required to be paid by MERF.
- 3.3 For loans with fixed maturities or payment dates, the note payable shall be recorded at the present value of the future principal payments, using as a discount rate the difference between a normal interest rate for that type of loan and the rate, if any, which is required to be paid by MERF. The difference between the cash proceeds of the note and the present value shall be recorded as contribution income in the period the loan is made. Thereafter, interest expense shall be recorded in each accounting period using the effective interest method, with the corresponding credit entry increasing the note payable account to reflect the amount(s) that shall be repaid.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Changes in responsibilities	Oswaldo Diaz, CFO

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SOP # G&A117 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: G&A117 FINANCIAL AND TAX REPORTING

Policy: The Organization will prepare annual and monthly financial statements as management considers necessary and prepare non-profit tax information and tax information returns within eight months of the fiscal year close.

Purpose: The purpose is to control and prepare consistent and accurate financial statements and tax returns that are relied upon by both internal and external parties.

Scope: This applies to financial statements and tax reporting documents.

Responsibilities:

Chief Financial Officer or his designee is responsible for preparing all tax documents and ensuring Organization financial statements are accurate.

EdTec is responsible for preparing all Organization financial statements.

Background: Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to MERF. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

Procedure:

1.0 STANDARD FINANCIAL STATEMENTS

1.1 Prepare the basic financial statements at year end and as considered necessary for reporting purposes. The basic financial statements of the Organization are maintained and prepared by MERF on an Organization wide basis and shall include:

1. **Statements of Financial Position** - reflects assets, liabilities and net assets of MERF and classifies assets and liabilities as current or non-current/long-term.
2. **Statements of Activities** - presents support, revenues, expenses, and other changes in net assets of MERF, by category of net asset (unrestricted, temporarily restricted and permanently restricted)

2.0 FREQUENCY OF PREPARATION

- 2.1 The objective of the EdTec is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:
- 2.2 A standard set of financial statements described in the preceding section shall be produced on a bi-monthly basis for presentation at the Board of Directors meeting. The standard set of financial statements described in the preceding section shall be supplemented by the following schedules:
1. Individual statements of activities on a departmental and functional basis (and/or program/grant basis)
 2. Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts

The bi-monthly set of financial statements shall be prepared on the cash basis of accounting with exception of year-end reports where accrual method of accounting must be used. Year-end report must include all receivables, accounts payable received by the end of the reporting period, and actual depreciation expense.

3.0 REVIEW AND DISTRIBUTION

- 3.1 All financial statements and supporting schedules shall be reviewed and approved by the Chief Financial Officer, prior to being issued by EdTec. They should be signed by the preparer and the Chief Executive Officer.
- 3.2 After approval by the Chief Financial Officer, a complete set of monthly financial statements shall, including the supplemental schedules described above, shall be distributed to the following individuals:
1. All members of the Finance and Audit Committee of the Board
 2. Chief Executive Officer
 3. School Principals and any other employee with budget-monitoring responsibilities will receive only the budget vs. actual report
- 3.3 Financial statements may include an additional supplemental schedule prepared or compiled by the Chief Financial Officer. The purpose of this schedule is to provide known explanations for material budget variances in accordance with MERF'S budget monitoring policies. Also included is a list which lists all invoices that have not been paid at the end of the year and all revenues, if any, that have not been received.

4.0 ANNUAL FINANCIAL STATEMENTS

- 4.1 A formal presentation of MERF's annual financial statements shall be provided by the independent auditor to the full Board of Directors at MERF's annual meeting. This presentation will be preceded by a meeting with MERF's Finance and Audit Committee, at which the Finance and Audit Committee will vote to accept or reject the annual financial statements.

5.0 GOVERNMENT RETURNS

- 5.1 MERF must be aware of its tax and information return filing obligations and comply with all such requirements of the Federal government, California and local jurisdictions. Filing requirements of MERF include, but are not limited to, filing annual information returns with the Internal Revenue Service (IRS), California charitable solicitation reports, annual reports for corporations, property tax returns, income tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll withholding tax returns.

6.0 FILING OF RETURNS

- 6.1 It is the policy of MERF to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Chief Financial Officer shall be responsible for identifying all filing requirements and assuring that MERF is in compliance with all such requirements.
- 6.2 It is also the policy of MERF to file complete and accurate returns with all authorities. MERF shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.
- 6.3 Reports and returns which may be required to be filed by MERF include, but are not limited to, the following returns:
1. **Form 990** - Annual information return of tax-exemption of MERF, filed with IRS. Form 990 for MERF is due on the **fifteenth day of November, annually**.
 2. **Form 990-T** – Annual tax return to report MERF'S unrelated trade or business activities (if any), filed with the IRS. Form 990-T is due on the **fifteenth day of November, annually**.
 3. **Form 199** – Exempt Organization Annual Information Statement or Return (California) – This form is due on the **fifteenth day of November, annually**.
 4. **Form 5500** - Annual return for MERF'S employee benefit plans. Form 5500 is due on the **fifteenth day of November, annually**.
 5. **Federal and State Payroll Returns** - Filed on a quarterly or annual basis.

6. **Form RRF-1** – Registration/Renewal Fee Report to Attorney General of California. This form is due on the **fifteenth day of November, annually**.
 7. **SF-SAC** – The Office of Management and Budget requires all Form SF-SAC and Single Audit submissions to be submitted on the Federal Audit Clearinghouse (FAC) Internet Data Entry System. The due date is established by OMB Circular A-133.
 8. **Form 1099's** – See **PUR101 VENDOR SELECTION**.
- 6.4 MERF'S fiscal and tax year-end is June 30. All annual tax and information returns of MERF Form 990, Form 990-T are filed on the accrual basis of reporting.
- 6.5 Federal and all applicable California payroll tax returns are prepared by the Chief Financial Officer, in consultation with MERF'S independent auditor and the pension plan third-party administrator.
- 6.6 It is the policy of MERF to comply with all California payroll tax requirements by withholding and remitting payroll taxes to California for each MERF employee.

7.0 PUBLIC ACCESS TO INFORMATION RETURNS

- 7.1 Under regulations that became effective in 1999, MERF is subject to Federal requirements to make the following forms "widely available" to all members of the general public:
1. The three most recent annual information returns (Form 990), and
 2. MERF'S original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.
- 7.2 It is the policy of MERF to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:
1. Anyone appearing in person at the offices of MERF during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Chief Financial Officer shall be responsible for maintaining this copy of each form and for making it available to all requesters.
 2. For all written requests for copies of forms received by MERF, the Organization shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, MERF will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.

3. The copying cost charged by MERF for providing copies of requested forms shall be \$1.00 for the first page copied and \$0.20 for each subsequent page. All copies shall be shipped to requesters via Priority Mail, thus, shipping charges will be a standard \$5.00 per shipment.
4. After payment is received by MERF, all requested copies should be shipped to requesters in accordance with applicable laws. Making of all copies and shipping within legal time period shall be the responsibility of the Accounting Department.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits provided the request is for twenty-five (25) or less copied pages. Requests for copies in excess of 25 pages but less than 100 pages will be available the next business day. All requests in excess of 100 pages will be sent to the requestor in accordance with applicable laws.
6. MERF shall accept certified checks and money orders for requests for copies made in person. MERF shall accept certified checks and money orders or personal checks as payment for copies of forms requested in writing. Personal checks must clear the bank prior to the copies being made and delivered to the requestor.

8.0 UNRELATED BUSINESS ACTIVITIES

- 8.1 Identification and Classification of unrelated business activities must be separately identified.
- 8.2 It is the policy of MERF to properly identify and classify income-producing activities that are unrelated to MERF's tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations. Such income accounts shall be segregated in separate accounts in the general ledger of MERF in order to facilitate tracking and accumulation of unrelated trade or business activities.
- 8.3 It is the policy of MERF to file IRS Form 990-T to report taxable income from unrelated trade or business activities. Form 990-T is not subject to any public access or disclosure requirements. Accordingly, it is the policy of MERF not to distribute copies of Form 990-T to anyone other than management and the Board of Directors of MERF.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service provider process	Oswaldo Diaz, CFO

SOP # G&A118 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: G&A118 BUDGETING

Policy: The School Site Principals with the support of EdTec are responsible for preparing, monitoring, and implementing the annual school site budget. The School Site Principal must have the school site budget approved by the Board of Directors no less than 60 days before the fiscal year end. It is the School Site Principal's responsibility to work with the central office in order to acquire the necessary budgetary information to implement their program. The budget may be revised as needed.

An annual Organization-wide budget shall be prepared on the accrual basis of accounting and the budget shall be adopted by the Board of Directors. The budget may be revised as needed. It is the policy of the Organization to adopt a final annual operating budget at least 60 days before the beginning of MERF's fiscal year.

Purpose: A budget is a management commitment of a plan for present and future MERF activities that will ensure survival. It provides an opportunity to examine the composition and viability of MERF's programs and activities simultaneously in light of all available resources

Scope: This applies to all departments and chart of accounts of the Organization.

Responsibilities:

Principal is responsible for providing information to EdTec so that the back-office service provider can prepare the annual site budget and make revisions as needed.

The Finance Department is responsible for reviewing the school site and Organization-wide budgets and budget revisions.

Edtec is responsible for preparing monthly budget vs. actual comparison reports.

Background: Budgeting is an integral part of managing MERF in that it is concerned with the translation of MERF's goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the MERF's financial and human resources. A budget is a management commitment of a plan for present and future MERF activities that will ensure survival. It provides an opportunity to examine the composition and viability of MERF's programs and activities simultaneously in light of all available resources.

Procedure:

1.0 PREPARATION AND ADOPTION

- 1.1 The school site budgets will be developed by the School Site Principals and EdTec., The Organization-wide budget will be prepared by the Chief Financial Officer with the support of EdTec. They will gather proposed budget information from all School Site Accountants and others with budgetary responsibilities and prepare the first draft of the budget. Budgets proposed and submitted by each department should be accompanied by a narrative explanation of the sources and uses of funds and explaining all material fluctuations in budgeted amounts from prior years.
- 1.2 After appropriate revisions and a compilation of all school site budgets by EdTec, a draft of the school site budgets and Organization-wide budget will be presented to the Chief Financial Officer for discussion, revision, and preliminary approval. The Chief Executive Officer is responsible for the final approval of all budgets.
- 1.3 The final budget is then submitted by the Chief Financial Officer to the Board of Directors for adoption. School Site Principals shall be present at the Board of Directors budget approval meeting.
- 1.4 It is the policy of MERF to adopt a final annual operating budget at least 60 days before the beginning of the MERF's fiscal year. In addition, the Accounting Department must setup the new fiscal year accounts, to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts), to ensure proper classification of activities and comparison of budget versus actual once the new year commences.

2.0 MONITORING PERFORMANCE

- 2.1 MERF will monitor its financial performance by comparing and analyzing actual results with budgeted amounts. This function will be accomplished in conjunction with the monthly financial reporting process described earlier.
- 2.2 On a monthly basis, budget reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by EdTec and distributed to each respective School Principal by the 20th of the following month.
- 2.3 The financial reports will also be distributed, on a bi-monthly basis, to the Board of Directors. The Chief Financial Officer and School Site Principal, with the

support of EdTec, will be responsible for answering budget questions posed at the Board meetings.

- 2.4 The Chief Financial Officer will also institute an on-going monitoring plan to ensure the fiscal operations effectively implement all Federal and State requirements and to ensure the safeguarding of Federal and State funds and assets.

3.0 BUDGET MODIFICATION

- 3.1 After a budget has been approved by the Board of Directors and adopted by MERF, reclassifications of budgeted expense amounts may be made by EdTec, with approval from the Chief Financial Officer.
- 3.2 Budget reclassifications of any amount are at the discretion of the Chief Financial Officer.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office provider process	Oswaldo Diaz, CFO

SOP # G&A119 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A119 INSURANCE

Policy: It is the policy of the Organization to have an active risk management program that includes a comprehensive insurance package and to maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, vehicles, machinery and other items of value.

Purpose: To have a comprehensive insurance package and to maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, vehicles, machinery and other items of value.

Scope: This applies to all areas of risk management.

Responsibilities:

Chief Financial Officer is responsible for monitoring risk management and identifying areas of insurance need.

Background: Risk management and insurance enable the Organization to hedge against known and unknown potential losses.

Definition: Workers' Compensation and Employer's Liability

Contractors are required to comply with applicable Federal and California workers' compensation and occupational hazard and disease statutes. If occupational hazard and diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy.

Fidelity Bond

For all personnel handling cash, preparing or signing checks, MERF shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of MERF will determine the dollar limit of this coverage.

Comprehensive Liability

This type of coverage may include directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery.

Student Accident Insurance

All children enrolled in any of MERF's funded programs must be insured for accidents and injury. The limit per child enrolled will be determined by local area experience rates and potential risk assessments.

Procedure:

1.0 COVERAGE GUIDELINES

1.1 As a guideline, MERF will arrange for the following types of insurance, as a minimum:

Type of Coverage

- Comprehensive Liability
- Automobiles for Employees,
- Volunteers or Escorts
- Employee dishonesty/bonding
- Fire and Water Damage
- Directors and Officers
- Theft
- Workers' Compensation
- Student Accident Insurance

1.2 The dollar limits are identified in the Insurance Booklet.

1.3 MERF shall maintain a file of all insurance policies in effect. This file shall include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid and check numbers

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

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SOP # G&A120 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A120 SUPPLIES

Policy: It is the policy of the organization to maintain an internal control system over supplies to prevent theft, overstocking, understocking, spoilage and obsolescence.

Purpose: To physically safeguard organization assets and to maintain accurate financial reporting.

Scope: This applies to non-capitalized assets.

Responsibilities:

School Principal or designee is responsible for maintaining safeguards over cleaning and education supplies at each school.

Procedure:

1.0 SAFEGUARDS

- 1.1 Each Principal or designee is responsible for monitoring safeguards over assets at each school site. School will properly safeguard supplies inventory by keeping storage and locker facilities locked.
- 1.2 **Cleaning/Maintenance Supplies.** The Custodian at each site is responsible for custody of cleaning and repair and maintenance supplies.
- 1.3 **Educational Supplies.** The Administrative Assistant or designee is responsible for custody of educational supplies. Only the Administrative Assistant and the School Principal will have access to educational supplies.
- 1.4 Educational supplies will be controlled in part by forms documenting custody, i.e. textbooks issued to students and use of laptops.

2.0 MONITORING

- 2.1 School will establish optimum minimum and maximum stock levels for inventory.
- 2.2 School Site Accountants will maintain records detailing purchases of each significant inventory item for each fiscal year.
- 2.3 School Principal or designee will conduct a physical inventory of the supplies listed above on an annual basis. The completed inventory will then be submitted to Accounting so it can be reconciled to the general ledger.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # G&A121 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: G&A121 SCHOOL SITE ACCOUNTING

Policy: It is the policy of MERF to consider each school to be a separate and distinct financial accounting entity in order to maintain an accurate fund accounting system.

Purpose: The purpose of this policy is to clearly define relationships between each school and with the business office in regards to financial accounting.

Scope: This applies to the Organization's charter schools and business office.

Responsibilities:

EdTec, with the support of the Financial Analysts, is responsible for timely and accurate recording of transactions, providing useful management information, and properly reporting such information for various user needs.

The Chief Financial Officer is responsible for overseeing the Financial Analysts and providing assistance where needed.

Background: Separate accounting for each of the charter schools is critical in order to monitor budget performance and to determine how to allocate resources.

Procedure:

1.0 SEPARATE ACCOUNTING

1.1 EdTec will utilize the same accounting policies for each school they are responsible for. Consistency in accounting will ensure that the charter schools can be evaluated using the same benchmarks and will assist in evaluating performance.

1.2 Each Charter School will have its own accounting file to assist in maintaining separate accounting for each school, and a separate bank account to avoid comingling of funds.

2.0 FUNDRAISING

2.1 Fundraising generated from each school may not be transferred to another school.

2.2 Revenues from fundraising will be recorded in the accounting system using the resource tracking system in order to account for funds received from different events. Funds may be used for operating purposes unless restricted by the donor or explicitly restricted by the event.

Revision History:

Revision n	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office provider processes	Oswaldo Diaz, CFO

SOP # G&A122 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: G&A122 FRAUD REPORTING &WHISTLEBLOWER

Policy: To establish procedures for reporting concerns of fraud on a confidential basis; receipt, retention, and treatment of complaints received by the Organization regarding such concerns; and protection of anyone reporting fraud in good faith from retaliatory actions.

Purpose: It is the policy of the Organization that its operations are conducted according to the highest standard of integrity, and that its officers, directors, employees, consultants, volunteers, interns, vendors, and other agents observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, all applicable laws and regulations must be followed, honesty and integrity must be practiced in fulfilling all responsibilities and all situations must be avoided that might conflict with responsibilities undertaken on behalf of the Organization. It is a federal crime for any organization – nonprofit or for-profit- to retaliate against a “whistleblower” who reports illegal, unacceptable, or suspicious activity (“Concerns”). This policy is intended to encourage and enable the reporting of Concerns within the Organization in order to prevent, detect and correct improper activities.

Scope: All officers, directors, employees, including temporary employees, consultants, volunteers, interns, vendors and other agents are covered by the scope of this policy and its guidelines.

Responsibilities:

Executive Management and Board of Directors are responsible for investigating any Concerns reported, and to ensure that the reporting person is protected from retaliation.

Background: The people closest to the day-to-day workings of an organization are the ones most qualified to identify and report improper activities. Experience has shown that these individuals will step forward if they are provided with a confidential means of reporting abuses and feel that they will be protected from retaliation, including loss of their job.

Procedure:

1.0 REPORTING RESPONSIBILITY

- 1.1 It is the responsibility of all those noted in the Scope of the Policy to report questionable or improper accounting or auditing matters or other Concerns as described above.
- 1.2 No officer, director, employee, including a temporary employee, consultant, volunteer, intern, vendor or other agent who reports a Concern in good faith shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Any individual who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.
- 1.3 Reporting in good faith means that to the best of the individual's knowledge who is reporting a suspected fraud or abuse Concern, the fraud or abuse is factual.
- 1.4 An individual reporting a fraud or abuse Concern not in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment. In other words, fraudulently submitting a fraud or abuse Concern/allegation is not acceptable.

2.0 PROCEDURES FOR REPORTING CONCERNS

- 2.1 **Employees and Consultants.** Whenever possible, an individual should seek to resolve Concerns by reporting issues directly to his supervisor. If, for any reason, the individual is uncomfortable speaking to his supervisor or does not believe the Concern is being properly addressed, the individual should report the Concern directly to the Chief Operating Officer of the Organization. If the individual does not believe that these channels of communication can or should be used to express his Concern, the individual should report the Concern directly to a member of the Organization's Board of Directors. Concerns may also be submitted anonymously in writing or via voice mail to a Board of Directors member. Contact information for the Chief Operating Officer and a listing of Board of Directors members may be obtained from the Organization's website or by calling the Organization at (714) 892-5066.
- 2.2 **Officers, Directors, Interns, Volunteers, Vendors and Other Agents.** Officers, directors, interns, volunteers, vendors and other agents may report Concerns to the Chief Executive Officer or directly to a member of the Organization's Board of Directors. If the officer, director, intern, volunteer, vendor or other agent is uncomfortable reporting to any of these individuals, or if he does not believe the Concern is being properly addressed, the report should be escalated directly to the Chair of the Organization's Board of Directors.
- 2.3 **Third Party Fraud Reporting Service.** An individual also has the option to report any Concerns through a service specifically set up for MERF. These can be

reported through the website at www.magnoliapublicschools.org or by calling the central office. Concerns addressed through these channels can be made anonymously if the individual chooses.

3.0 HANDLING OF REPORTED CONCERNS

3.1 All reported Concerns filed in accordance with this policy will be investigated by the Organization with due care and promptness. Matters reported internally without initial resolution will be investigated by the Chief Executive Officer of the Organization to determine if the allegations are true, whether the issue is material and what actions, if any, are necessary to correct the problem. The Organization staff may issue a full report of all matters raised under this policy to the Board of Directors.

For matters reported directly to a member of the Board of Directors or the Chief Executive Officer, the Audit Committee shall promptly acknowledge receipt of the complaint to the complainant if the complainant is known. An investigation will be held to determine if the allegations are true, whether the issue is material and what corrective action, if any, is necessary. Upon the conclusion of this investigation, the Audit Committee shall promptly report its findings to the Executive Committee of the Board.

The Audit Committee shall have full authority to investigate Concerns raised in accordance with this policy and may retain outside legal counsel, accountants, private investigators, or any other resource that the committee reasonably believes is necessary to conduct a full and complete investigation of the allegations.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

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SOP # CSH101 Revision: 1

Prepared by: Central Office

Effective Date: 2/14/13 11/12/15

Approved by: BOD

Title: CSH101 CASH BOXES

Policy: Proper internal control should be maintained over funds received by cashiers or sales clerks of any type, even at fundraising events at all times.

Purpose: To identify the practices for cash box control, including cash receipts, special tender items, cash payouts and reconciliation with deposits.

Scope: All personnel that deal with the cash transactions.

Responsibilities:

Principal is responsible for safeguarding / verifying and controlling all cash assets at each school.

School Office Manager is responsible for ensuring the completeness and accuracy of all opening, closing and intermediate transactions.

School Office Manager is responsible for overseeing all event transactions.

Procedure:

1.0 CASH BOX/SAFE

- 1.1 Each fundraiser or individual collecting cash should collect cash for events and safeguard properly. Once all cash has been collected, this individual should submit the cash received to the School Office Manager as soon as possible for placement in the cash box. It is important to ensure that only one person has responsibility for collecting cash as to limit any opportunities for misappropriation.
- 1.2 All cash collected must be collected by the School Office Manager, counted together with the School Principal and one other person, and signed off by all three individuals that the cash count is accurate. The funds will then be safely secured until deposited by a designee of the School Office Manager.
- 1.3 If the cash balance at the end of day exceeds \$1,000, a bank deposit will need to be made the same day. Otherwise, all bank deposits will need to be made by the last business day of the week. At the end of the week there should be no more than \$50 left in the cash box for the following week.
- 1.4 Bank deposit documentation needs to be emailed to EdTec, in PDF format, for entry into the general ledger on a weekly basis.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service provider process	Oswaldo Diaz, Chief Financial Officer

SOP # CSH102 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: CSH102 CASH RECEIPTS AND DEPOSITS

Policy: Accurate internal control of cash receipts and deposits will be maintained at all times. Cash deposits will generally be made on the same day as receipt.

Purpose: To establish the procedures to be followed for receiving, applying and depositing cash receipts.

Scope: This procedure applies to all cash receipts received by the Organization.

Responsibilities:

School Site Accountant is responsible for processing all cash and check transactions and depositing checks received in the bank.

School Site Accountant is responsible for inspecting and verifying proper signatures or endorsements on checks.

School Principal/Office Manager is responsible for all fundraising transactions.

Definitions: Tender Item. Any item used to tender or pay for a transaction is considered a tender item. Tender items can include coupons, gift certificates, credits, rebates, cash, checks, barter credits, etc.

Procedure:

1.0 CUSTOMER AND AGENCY DEPOSITS

1.1 Cash receipts generally arise from:

- Contracts and Grants
- Direct donor contributions
- Fundraising activities

The principal steps in the cash receipts process are:

Central Office - The Receptionist receives incoming mail, opens, date stamps, and distributes the mail. The School Site Accountant stamps all checks “for deposit only,” and makes two (2) copies of each check. The checks are kept in a locked cabinet until ready for deposit.

Weekly (or more often if necessary), the School Site Accountant processes the following: the endorsed checks, the deposit log book, and the correct account allocation for each deposit. The School Site Accountant processes the deposit and

takes it to the bank for deposit. A copy of the deposit slip is attached to the deposit. The deposits are put in a file to attach to the bank statement.

All cash received at the central office will be counted, verified, and signed off by two people from Accounting and another available staff member. The cash will immediately be posted using the appropriate allocation. A receipt will be given to the paying party and a copy kept for internal purposes. The cash will be kept in a locked, secure location and deposited within 24 business hours, but no longer than the last business day of the week.

School Site - The Receptionist receives incoming mail, opens, date stamps, and distributes the mail. The checks are kept in a locked cabinet until ready for deposit.

Weekly (or more often if necessary), the Principal, Office Manager, or designee will deposit the checks to the bank for deposit. The Principal, Office Manager, or designee will then send copies of the check(s) deposited and the original deposit slip receipt from the bank to the School Site Accountant for processing.

The School Site Accountant will process the deposit and enter into the accounting system. A copy of the deposit slip is attached to the deposit. The deposits are put in a file to attach to the bank statement.

2.0 APPLICATION OF ACCOUNTS RECEIVABLE

- 2.1 Inspect all incoming accounting mail for checks.
- 2.2 School Site Accountant should photocopy all checks. Any papers attached to the checks should be stapled to the check photocopy and the envelopes discarded.
- 2.3 School Site Accountant will use the photocopy of the checks and customer remittance advices to apply the cash payments to the Accounts Receivable Ledger if applicable. Unapplied payments are to be credited against the oldest open aging column on the accounts receivable ledger. A standard letter of information and/or inquiry should be sent or faxed to the payer when there is any question as to the correct application of the check.
- 2.4 Checks returned once should be deposited a second time. Already re-deposited checks should be debited back to the account.
- 2.5 Prepare all checks received for deposit.

3.0 DEPOSIT, ENDORSEMENT OF CHECKS, TIMELINES OF BANK DEPOSITS

- 3.1 The School Site Accountant will inspect all checks for proper signature or endorsement. If a check is received without a proper signature then process the check as per CSH103 PROBLEM CHECKS procedure.

- 3.2 All checks should be endorsed as follows:
 - a. With the restrictive endorsement "For Deposit Only" along with,
 - b. The Organization's designated bank deposit account number,
 - c. The name, "Magnolia Education and Research Foundation",
 - d. The bank name.
- 3.3 No check should be withheld from daily deposit unless it is legally imperfect. The endorsed checks should then be returned to the accounting department. Bank deposits will be made on a daily basis, unless the total cash amount received for deposit is less than \$1,000. Receipts must be deposited no later than the Friday of the week it was received. Any cash not deposited on a daily basis will be kept in a locked fireproof cabinet with access limited to the Chief Financial Officer, and the Finance Manager.
- 3.4 At time of deposit, collect all cash and checks and prepare a bank deposit slip for deposit in the Organization's authorized bank. Ensure that collections are deposited into the correct bank account, and that the name of the charter school is listed on the deposit slip.
- 3.5 Place a duplicate copy of the deposit ticket and collected cash into a cash bag for transport to the bank. Deposits should be made no less frequently than daily if amount of cash exceeds \$1,000. If the deposit cannot be made immediately then the deposits should be stored in a secure area for later deposit.
- 3.6 Extreme care should be taken to protect the safety of the person making the deposit and the deposit itself. Actions to be considered are, making deposits only during daylight hours, using random deposit times and different routes to the bank, and assigning two people to make deposits.
- 3.7 The deposit amount should be entered into the accounting program.
- 3.8 No disbursements should be made from collections, nor can personal checks be cashed.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # CSH103 Revision: 1
Office
Effective Date: 11/12/15

Prepared by: Central
Approved by: BOD

Title: CSH103 PROBLEM CHECKS

Problem: To save time in returning and following-up on unsigned, checks marked "payment in full", or returned by the bank. These checks should be processed as follows and deposited.

Purpose: To describe how these types of checks should be handled before depositing.

Scope: This procedure applies to all checks received by the Organization.

Responsibilities:

EdTec is responsible for processing all check transactions for each school.

Definitions: NSF. Non-Sufficient Funds or NSF checks are those that are returned from the bank because the balance in the checking account was not high enough to cover the check. The check is then stamped NSF or "insufficient funds", "uncollected funds", or maybe "account closed".

Procedure:

1.0 UNSIGNED CHECKS

1.1 The word "over" should be typed or written on the line where the signature would normally appear. On the back, type "Lack of Signature Guaranteed" and then add the Organization name, manager's name, title and signature.

Note: This indicates to the bank that the Organization will take back the check as a charge against its account in the event it isn't honored. In the event the check is not honored, the Office Manager should immediately follow-up with the issuer.

1.2 Continue processing the check.

2.0 PARTIAL PAYMENT CHECKS MARKED "PAYMENT IN FULL"

2.1 If there's no dispute as to the amount, a check tendered for less than the amount due and marked "payment in full" (or similar wording) can be cashed without jeopardizing the right to recover the balance. However, if there's a bona fide dispute as to the amount owing, the Organization runs the risk that payment will be deemed to have settled the disputed claim for the lesser amount.

2.2 To overcome any potential pitfall, the check should be endorsed with the following statement "Check is accepted without prejudice and with full reservation of all rights under section 1-207 of the UNIFORM COMMERCIAL CODE (see Reference A).

- 2.3 Continue processing the check as per procedure CSH102 CASH RECEIPTS AND DEPOSITS.
- 2.4 The Office Manager should then work with the customer to resolve collection of the remaining balance due.

3.0 RETURNED CHECKS

- 3.1 A returned check for less than \$100 or stamped "uncollected funds," should be re-deposited the following day, if the check is not already stamped, "Do Not Re-Deposit".
- 3.2 For returned checks in amounts greater than \$100, the bank that the check is drawn against should be telephoned to determine if the check amount will clear the customer's account. If sufficient funds exist the check should be re-deposited. If the check is very large, consider taking the check directly to the issuing bank for recovery.

Note: The customer's account number should be the second number series located at the bottom center of the check.

4.0 REDEPOSITED CHECKS

- 4.1 In the event a re-deposited check is returned or if sufficient funds do not exist to cover the check, the Office Manager should contact the issuer by phone to report the problem and discuss how the matter will be resolved. Then issue a formal notice CSH103 Ex1 BAD CHECK NOTICE via certified mail with a return receipt requested to ensure the customer understands the seriousness of the issue.
- 4.2 Whenever a check is re-deposited more than once a handling fee should be considered.

References:

A. UNIFORM COMMERCIAL CODE (UCC)

The "Uniform Commercial Code" or UCC began as a model for each state legislature to modify and adopt as law in that state. Therefore, the UCC is not the same in every state. Each state's court system can interpret the UCC differently thereby creating different case law in that state and producing different results. Business people cannot assume that the law will be exactly the same in each state. For more information see the Secretary of State for each State in question.

B. BAD CHECK LAW

Bad Checks are considered part of the UCC and therefore are a matter of state law enforcement. Section 3-104(2)(b) of the UCC, defines a check as "a draft drawn on a bank and payable on demand." Each state has a different "Bad Check Law" see UCC above.

Postdated check: since it is not payable on demand, most states believe that the giving of a post-dated check does not constitute a present fraud nor is it within the scope of the bad check laws.

Payments for COD or pre-existing debt: In most cases, NSF checks are not considered under the bad check law if they are used to pay a note payment or to pay an invoice that is on account. However, if the debtor provides a creditor with a NSF check for a COD order, then that act does fall within the bad check laws.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office provider process	Oswaldo Diaz, Chief Financial Officer

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CSH103 Ex1 BAD CHECK NOTICE

Date:

CUSTOMER NAME
ADDRESS
CITY, STATE, ZIP

Dear Sir:

Payment on your Check No. _____ in the amount of \$ _____, presented to us on, {DAY MONTH YEAR} , has been returned by your bank and marked insufficient funds. We have re-deposited your check and attempted to collect on this check twice already.

We have verified with your bank that insufficient funds remain to clear this check. Therefore, we request that you replace this check with a certified check immediately.

Unless we receive the certified funds for the amount listed above within 15 days, we shall immediately begin appropriate legal action to protect our interest. Upon receipt of replacement funds we shall return the dishonored check.

Sincerely,

Office Manager
MAGNOLIA EDUCATION AND RESEARCH FOUNDATION

Certified Mail, Return Receipt Requested.

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SOP # CSH104 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: CSH104 WIRE TRANSFERS

Policy: To provide additional payment options to customers and vendors in order to make funds immediately available to the receiving party. Wire transfers should be treated with special care and accuracy to prevent loss to the Organization or the customer.

Purpose: To explain the steps necessary to ensure proper procedures are followed when processing wire transfer requests.

Scope: This procedure applies to customers who are sending or receiving wire transfers and the financial institutions which process these requests.

Responsibilities:

Chief Financial Officer is responsible for initiating all outgoing wire transfer requests.

Chief Executive Officer should approve all wire transfers regardless of amount.

School Site Accountant is responsible for processing all incoming wire transfers.

Definitions: ABA The American Bankers Association or ABA number is a unique routing identification code is issued to a Federal or State chartered financial institution which is eligible to maintain an account at a US Federal Reserve Bank. The ABA Routing Number (a.k.a. ABA number; Routing Transit number) is used to identify participants in automated clearinghouses, electronic funds transfer, and on-line banking.

Procedure:

1.0 INCOMING WIRES

1.1 Wire transfers are processed the same as a check in accordance with the CSH102 CASH RECEIPTS AND DEPOSITS procedure.

1.2 Upon the banks receipt of the wire transfer the bank may create a wire transfer notification. Normally these are mailed but many banks may also provide notification via e-mail, phone, fax, or via an on-line banking interface. The bank notification serves as documentation the the money has been received.

2.0 OUTGOING WIRES

2.1 The Chief Financial Officer will initiate wire transfers as necessary. This will take place on the secured website maintained by the Organization's bank. Chief Executive Officer must approve all wire transfers by logging into the bank's secured website and approving the transfer. Wire transfers cannot be made without this secondary authorization.

- 2.2 Wire transfers should originate from a checking account. Reference A - FRB Reg D. - establishes limits on transfers from savings or money market accounts but there are no limits on transfers from checking accounts.

References:

A. FRB REG D: RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS

Defines consumer depository accounts (e.g., checking, savings, money market, CDs, transactions etc.) and the rules governing those accounts. This law also requires that financial institutions keep a minimum amount of reserve deposits either as vault cash or with the Federal Reserve.

The Federal Reserve Board's Regulation D limits the number of certain withdrawals and transfers from savings accounts. All financial institutions are subject to this regulation. Examples savings accounts affected by this regulation include: Regular Savings and Money Market accounts. Transactions on Checking accounts are not limited.

Regulation D, allows up to six (6) preauthorized or automatic withdrawals or transfers to another account at the same financial institutions or to a third party during a calendar month. There may be no more than three (3) of these six (6) transfers by check, debit card, or similar order, clearing an account. A "preauthorized transfer" includes arrangement the credit union make either to pay a third party, one time, on written or verbal instruction, or to pay a third party on a fixed schedule, (i.e. bill payer, ACH authorizations).

B. FRB REG E: ELECTRONIC FUND TRANSFER ACT

Establishes the rights, liabilities and responsibilities of all parties involved in electronic fund transfers and protects consumers when they use such systems. Examples of these transactions include those at automated teller machines, telephone bill-payment plans, point-of-sale purchases and pre-authorized transfers to and from a consumer's account (such as direct deposit and regular utility and mortgage payments).

Regulation E prescribes rules for the solicitation and issuance of EFT cards; governs consumers' liability for unauthorized electronic fund transfers (resulting, for example, from lost or stolen cards); requires institutions to disclose certain terms and conditions of EFT services; provides for documentation of electronic transfers (on periodic statements, for example)- sets up a resolution procedure for errors; and covers notice of crediting and stoppage of preauthorized payments from a customer's account.

Stored-value cards (also known as "smart cards") and home banking by personal computer would be subject to Regulation E because the act governs electronic fund transfers.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

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SOP # CSH105 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: CSH105 CHECK SIGNING AUTHORITY

Policy: A limited number of employees will be authorized to sign checks but there shall be no fewer than three individuals at all times.

Purpose: To outline the check signing authority process.

Background: While a hired accountant, office manager, or accounting clerk may be responsible for entering bills, paying bills, and printing out checks, all printed checks and related documentation should be presented to a second individual for signing. No one person or employee should be allowed to enter invoices, select invoices for payment, then print and sign checks. At a minimum, this process requires at least two individuals to ensure the integrity of the accounting system remains intact.

Scope: This procedure applies to all regular bank checking accounts of the Organization.

Responsibilities:

Chief Executive Officer is responsible for adding and removing check signing authority.

Chief Financial Officer is responsible for managing the check signing authority process and alerting all individuals and banks of any changes to authority.

Procedure:

1.0 AUTHORIZED CHECK SIGNERS

- 1.1 The Board of Directors and the Chief Executive Officer should approve authorized check signers in writing. All approvals should be forwarded to the Chief Financial Officer for processing.
- 1.2 The Chief Executive Officer and Chief Financial Officer should have check signing authority. Additional individuals with or without dollar limitations may be authorized as necessary.
- 1.3 For back-up purposes, it is advisable to have at least three check signers authorized for each checking account. One should be the Chief Financial Officer or primary signer and the other should be the Chief Executive Officer or secondary check signer. The third should be a back-up signer. The back-up signer should be a trusted individual but not necessarily an employee. It could be a board member or another principle in the Organization. A back-up signer will ensure continuing operations in case both the primary and secondary signers become incapacitated for any period of time.

- 1.4 If the check signer also authorizes purchase orders, their access to the QuickBooks accounting system should be limited to “read” access as to maintain proper segregation of duties.

2.0 CHANGING CHECK SIGNERS

- 2.1 The Chief Financial Officer receives all approval paperwork and should prepare and maintain a file record of all authorized check signers and CSH105 Ex1 CHECK SIGNING AUTHORITY LOG.
- 2.2 The CHECK SIGNING AUTHORITY LOG should be kept current of all individuals and their status to sign checks as soon as their status changes. The log should contain the following information:
- Recipient name / position or title
 - Authority start date
 - Authority end date
 - Maximum expenditure authority level
- 2.2 Contact the bank that administers the checking account for details on adding, changing, or removing check signers from a checking account. Normally this is a simple process of presenting identification and signing a card to be placed on file at the bank.
- Banks maintain an authorized check signer’s card for each checking account. Only those individuals listed on the authorized check signer’s card may sign checks.
- 2.3 The Chief Executive Officer or the Board of Directors may revoke check signing authority. Any person who is no longer entitled to sign Organization checks will be notified in writing. The Chief Financial Officer will oversee the proper notification of the Organization's banks whenever authorized signature changes are made.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

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SOP # CSH106 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: CSH106 CHECK MATTERS

Policy: To ensure efficient processing and record keeping all check matters will need to be handled and documented appropriately.

Purpose: To describe the process for matters relating to checks.

Scope: All checks.

Responsibilities:

Chief Financial Officer or School Site Accountant is responsible for managing other check matters.

Procedure:

1.0 CHECK ORIGATION

- 1.1 The Organization does not permit the use of manual checks.
- 1.2 In no instance can the payee of a check be made to "Cash". Checks can only be processed through QuickBooks and cannot be handwritten.

2.0 CHECK STOP PAYMENT

- 2.1 It is important to place the stop payment information on the account as quickly as possible to prevent losses. The following information should be obtained and recorded on the bank's Stop Payment Form or address online:
 - Requester's name and department
 - Account number
 - Check number
 - Date of the check
 - Who the check is made payable to
 - Amount of the check
 - Reason for the stop payment
- 2.2 The stop payment information above should be forwarded to the School Site Accountant or Chief Financial Officer who will contact the bank to put a stop on the check.
- 2.3 An authorized check signer may need to sign the bank's Stop Payment Form or address online, typically within ten business days. Normally, stop payments are placed on the account for approximately six months.
- 2.4 To release the stop payment, an authorized check signer may need to contact the bank and sign a release. Note: signing the release allows the check to be paid.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

SOP # CSH107 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: CSH107 BANK ACCOUNT RECONCILIATIONS

Policy: To ensure the accuracy of the Organization's bank account records by proving the monthly balance shown in the bank's Account Register.

Purpose: To outline the practices for preparation of a Monthly Bank Reconciliation

Scope: This applies to all bank accounts maintained by the Organization.

Responsibilities:

Chief Executive Officer or designee is responsible for review and approval of all reconciliations.

School Site Accountant is responsible for reconciling each site's respective checking account.

Background: Errors or omissions can be made to the Organization's bank account records due to the many cash transactions that occur. Therefore, it is necessary to prove the monthly balance shown in the bank account register. Cash on deposit with a bank is not available for count and is therefore proved through the preparation of a reconciliation of the Organization's record of cash in the bank and the bank's record of the Organization's cash that is on deposit.

Definitions: Batch. All of the day's credit card transactions are collected into a "batch" of transactions. The batch is closed, usually at the end of the day, and the result is submitted to the merchant processor as a single "batch".

Settlement. The processor clears the credit card transactions in the batch and the result is "settled" to the designated bank account. Settlement varies by Credit Card organization but usually occurs in 2-3 days after a batch is closed.

Processor. The processor is responsible for authorizing credit card transactions and settling each batch. The processor is also the Organization that one must interface with on all discrepancies or "chargebacks".

Chargebacks. A chargeback occurs when a customer (cardholder) disputes a charge that appears on their monthly credit card statement. If the dispute is unable to be resolved then the transaction is charged back to the merchant. The processor charges the merchant and returns the cardholder's money.

Procedure:

1.0 BANK STATEMENT PREPARATION

- 1.1 After receipt of the monthly bank statement and/or online printing of the monthly bank statement, including cleared checks, deposit slips and any other transactions; the School Site Accountant should prepare the monthly bank reconciliation by the 20th of the following month. After preparation the bank reconciliation will be carefully reviewed by the Chief Executive Officer or its designee. The Chief Executive Officer review is especially important. To preserve proper segregation of duties, no single employee, should perform both cash transaction functions and bank account reconciliations.
- 1.2 Prior to preparing the bank reconciliation, the School Site Accountant should review the bank statement for any interest credits, bank charges and other fees. These should all be posted to the checking account before reconciling. Note: some accounting systems allow for the entry of interest credits, bank charges and other fees during the reconciliation process.

2.0 COMPUTERIZED FORMAT

- 2.1 In the computerized environment, the accounting system may provide an automated bank reconciliation task. This task is generally selected once a month in conjunction with receiving the month end bank statement and/or online printout of the month end bank statement. Once selected, the screen shows a list of all items that have been posted to the cash account and that have not been cleared from the previous month's account reconciliation. The screen is usually divided into two segments: one half is a list of all checks and other charges reducing cash, and the other half is a list of all deposits and other items increasing cash. This screen would also have a field for entering the proper month end date and the balance at month end, per the bank.
- 2.2 After the account-reconciling task is successfully completed, a report is provided which shows the reconciliation process, including outstanding checks and deposits in transit.
- 2.3 The bank reconciliation should be signed by the Chief Executive Officer and the School Site Accountant.

Note: Print out the full (not a summary) report, staple it to the applicable bank statement, and file the result as an important control feature. This will document that the bank statement has been successfully reconciled.

3.0 MANUAL PREPARATION AND RECONCILING ITEMS

- 3.1 A monthly bank reconciliation starts with the ending bank statement balance. List any deposits in transit that were made but were not yet recorded by the bank and add to the bank balance. Then, list any checks that were written on the account prior to month-end, but which have not yet cleared the bank and deducted from

the bank balance. The ending balance should agree with the balance "per books", i.e.: the balance recorded in the checking account.

- 3.2 Now perform the same process with the monthly reconciliation of the ending balance per the Organization's books.

Total deposits and total disbursements should be reconciled to the bank statement, then adjustments such as any interest or any other bank credit items should be listed and added to the balance. Then, any bank charges, transfer fees, etc. should be listed and deducted from the balance.

From these steps, the "corrected" ending "book" balance is derived and should equal the "corrected" bank balance from the previous step.

- 3.3 Any discrepancies between the derived balance and the checkbook balance will require research to determine the cause, such as recording errors, omissions, incorrect postings, etc. In some cases, the discrepancy can be caused by not accurately entering all bank generated credits and charges; such as fees, interest, etc. If the balances still do not equal, the bank statement should be carefully reviewed for possible errors; such as, checks or deposits clearing for amounts that do not agree with those posted to the store's checking account.

4.0 COMPUTERIZED PREPARATION AND RECONCILING ITEMS

- 4.1 The same procedures as the manual tasks described above are followed in a computerized environment. The primary difference is in the ease of preparation. All transactions, which were not already cleared in the prior month's reconciliation, are listed.

- 4.2 Start by checking or clicking off with the mouse or keyboard those transactions, (mainly checks and other debit memos, and deposits and other credit memos) that agree with the bank statement. Once all bank statement items have been found and clicked off on the screen, the remaining "un-cleared" entries on the screen are, in effect, the list of outstanding checks and deposits in transit.

Furthermore, the screen typically provides a continually updating reconciled cash amount that should agree to the ending bank balance amount once all items are correctly accounted for and cleared. Usually the accounting system does the math and the screen displays both the ending bank balance and the reconciled cash amount with the remaining difference, if any.

- 4.3 Investigate all differences and enter any adjustments to the reconciliation or post to the cash account in order to ensure an accurate bank balance.

5.0 ADJUSTMENTS AND OTHER TROUBLESHOOTING

- 5.1 In spite of the best of efforts, the reconciliation result may not agree with the bank balance. The obvious first step is to make sure that all checks and deposits on the bank statement agree with the entries in the cash account. Discrepancies of this type are usually rare in computerized environments but may be caused by improperly recording manual checks or credit card deposits and fees.

Checks are generally posted and printed simultaneously so that what shows up in the accounting system will always agree to what was processed through the bank. Deposits are another matter. The bank might group deposited checks differently than they were in the accounting system.

To simplify the month end reconciliation, receipts should be batched in a total deposit amount that agrees to both the accounting system and the bank. Make sure to print a totaled deposit report when daily receipts of checks and cash are batched for deposit. After making the bank deposit, staple the validated bank deposit slip to the deposit report. This will document the two events: 1) what was deposited per the accounting system, and 2) what was actually deposited in the bank. These two amounts must agree. This helps eliminate deposit errors for check and cash receipts. Deposits should be recorded via the QuickBooks deposit process unless authorization has been obtained to record as a journal entry.

- 5.2 After reconciling checks and deposits, the next area to reconcile are bank generated Credit and Debit memos. These can result from various events including, returned checks, returned check charges, monthly bank activity charges, credit card merchant fees, charges from the use of debit cards, interest income and other service charges. The Chief Executive Officer may not know many of these until the bank statement is received. Each one of these entries must be entered and distributed to the proper income or expense account. Whatever the accounting system, its reconciling program usually provides a routine for entering these “end of month” bank credits and charges.
- 5.3 After agreeing all checks and deposits and entering all other bank credits and charges, the balance per accounting system and reconciled bank balance should agree. Any remaining difference must be investigated. If there is no other explanation, an adjustment should be made. This would be entered as a bank charge or credit and posted to a miscellaneous account.
- 5.5 Any outstanding checks or deposits in transit over six months old should be reviewed for disposition including write-off by a journal entry.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

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**CSH107 Ex1 SAMPLE
BANK AND BOOK BALANCES
RECONCILIATION TO CORRECTED BALANCE**

Account No. _____
For Month Ended XX/XX/XX

Reconciliation of Bank Balance

Ending balance per bank statement \$10,000.00

Additions:

Deposit in transit 2,500.00

Deductions:

Outstanding Checks

1003 150.00

1232 325.00

1235 1,275.00

1,750.00

Ending balance per checking account

\$10,750.00

Reconciliation of Book Balance

Ending balance per books \$10,750.00

Additions:

Interest 100.00

Deductions:

Bank Charges 70.00

Wire transfer fees 30.00

100.00

Corrected Balance

\$10,750.00

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SOP # CSH108 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: CSH108 INTER-ACCOUNT BANK TRANSFERS

Policy: To ensure the accuracy of the Organization's bank account records by proving documentation of bank transfers.

Purpose: To outline the practices for preparation of an inter-account bank transfer

Scope: This applies to all bank accounts maintained by the Organization.

Responsibilities:

Chief Executive Officer is responsible for review and approval of all inter-account bank transfers

Chief Financial Officer is responsible for performing all inter-account bank transfers.

Background: Errors or omissions can be made to the Organization's bank account records due to the many cash transactions that occur. Therefore, it is necessary to authorize all inter-account bank transfers.

Procedure:

1.0 INTER-ACCOUNT BANK TRANSFER

1.1 EdTec monitors the balances in the bank accounts to determine when there is a shortage or excess in the checking account. EdTec recommends to the Chief Financial Officer when a transfer should be made to maximize the potential for earning interest or when funds are needed for processing payroll or other transfer needed. The Chief Financial Officer will determine when to make a transfer and in what amount. After the transfer has been initiated by the Chief Financial Officer, the Chief Executive Officer must log into the online banking system in order to complete the bank transfer process. A copy of the transfer is given to EdTec.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service provider process	Oswaldo Diaz, Chief Financial Officer

SOP # CSH109 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: CSH109 JOURNAL ENTRIES AND RECLASSIFICATION ENTRIES

Policy: To ensure the accuracy of the Organization's books and records by providing documentation of journal entries and reclassification entries. All journal entries shall be authorized in writing by the Finance Manager initialing or signing the entries.

Purpose: To outline the practices for preparation of journal entries and reclassification entries.

Scope: This applies to all accounting transactions performed by the Organization.

Responsibilities:

The Chief Financial Officer is responsible for review and approval of all journal entries and reclassification entries.

EdTec is responsible for performing all journal entries and reclassification entries

Background: Journal entries can directly affect the presentation of financial statements. Therefore, it is necessary to authorize all journal and reclassification entries.

Procedure:

1.0 JOURNAL ENTRIES AND RECLASSIFICATION ENTRIES

1.1 The Chief Financial Officer the Financial Analysts and EdTec monitor the balances in the accounting records of the Organization.

All general ledger entries including audit adjusting entries, reclassification entries, or other such journal entries shall be supported by journal vouchers or other documentation, which shall include a reasonable explanation of each entry. Examples of such journal entries include:

1. Recording of noncash transactions
2. Corrections of posting errors
3. Non-recurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses

- 3. Accruals of recurring expenses
- 4. Amortization of deferred revenue

Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, in the form of a journal voucher.

It is the policy of MERF that all journal entries not originating from subsidiary ledgers shall be authorized in writing by the Chief Financial Officer initialing or signing the entries.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Revision of responsibilities	Oswaldo Diaz, Chief Financial Officer

SOP # CSH110 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: CSH110 PETTY CASH PURCHASES

Policy: The Organization does not permit the use of petty cash.

Scope: This applies to all petty cash transactions.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Removal of petty cash use	Oswaldo Diaz, Chief Financial Officer

SOP # CSH111 Revision: 2
Office
Effective Date: 8/1/16

Prepared by: Central
Approved by: BOD

Title: CSH111 CREDIT CARDS AND DEBIT CARDS

Policy: It is the policy of the Organization to provide credit cards to authorized members of the Organization staff in the performance of their duties and responsibilities. The Organization does not permit the use of debit cards. The use of credit is the same as handling cash; every precaution must be taken to account for all funds, whether Federal, State or otherwise, and the most efficient and effective purchasing procedures as well as internal controls will be implemented to safeguard Organization funds.

Purpose: To be able to use credit cards in a controlled manner that allows for purchases such as travel and where a check and/or purchase order is not accepted.

Scope: This applies to transactions at the discretion of the School Principal, Chief Executive Officer and Chief Financial Officer.

Responsibilities:

School Principal is responsible for authorization of credit card transactions up to \$5,000 in accordance with the approved budget.

Chief External Officer, Regional Directors and Chief Financial Officer are responsible for authorization of credit card transactions up to \$10,000 and over, using documented approval, not to exceed the current limits established by procedure number PUR104 Accounts Payable and Cash Disbursements.

Chief Executive Officer is responsible for authorization of credit card transactions up to \$25,000, using documented approval, not to exceed the current limits established by procedure number PUR104 Accounts Payable and Cash Disbursements.

Accounts Payable Specialist and EdTec are responsible for recording the transactions in the accounting records and reconciling credit card receipts to the credit card statements in accordance with CSH107 Bank Reconciliations.

Background: On occasion, the Chief Executive Officer and other senior management may not be in the position to carry a lot of cash or may need to use a credit card for purposes of travel arrangements. Under these circumstances and as considered necessary by Organization management, credit card transactions are acceptable.

Procedure:

1.0 CREDIT CARDS

1.1 Issuance of Corporate Credit Cards

Corporate credit cards are issued to personnel who travel on Organization business or have a legitimate need to purchase goods and services, either in person or on-line or when a purchase order cannot be approved in time or a purchase order is not accepted by a vendor. These cardholders will be required to sign a statement (CSH111 Ex1 Use of Credit Cards and Debit Cards Certification) acknowledging that the card shall be used exclusively for legitimate Organization-related business purposes and that the cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location. Upon approval from the credit card company, a card will be issued bearing the names of both the individual and the Organization.

Cardholders, while working with other Organization staff, must plan activities and travel requests with sufficient time in order to avoid the use of credit cards. Cardholders abusing this privilege may have the card revoked if it is determined that sufficient time was available in order to request and receive approval for a purchase order.

When using the credit card for internet purchases, cardholders should ensure that the site utilizes industry recognized encryption transmission tools.

All corporate credit cards will be issued from the same vendor to enhance the purchasing power of the credit card and to provide for efficient on-going monitoring of all purchases made with the credit card(s).

1.2 Cardholder Responsibilities

Every month, each cardholder will be provided with a statement detailing the expenditures that were charged to his/her corporate credit card. The cardholders will submit all receipts for purchases of goods and services to the Finance Department within seven (7) days attached to the debit/credit card monthly statement after making any purchase. All documents will be initialed by the cardholder. In any instance of a missing receipt, payment will be the responsibility of the cardholder.

Should the Accounts Payable Specialist identify any inadvertent personal or unauthorized uses of the card, the card statement as well as all backup documentation will be forwarded to the Chief Financial Officer, for review.

The Chief Financial Officer, will discuss with the cardholder any charges of concern and the card member will be required to reimburse the Organization immediately for any such inadvertent personal charges or unauthorized charges.

Excessive inadvertent personal charges will be grounds for revoking credit card privileges. Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Organization's disciplinary actions.

Any fraudulent or other unauthorized charges shall be immediately pointed out to the Chief Financial Officer, for further investigation with the credit card provider and at the discretion of the Chief Financial Officer may be required to be reimbursed by the individual cardholder who purchased the unauthorized transaction.

The Organization requires the following review and approval procedures:

- The cardholder will review the card statement to ensure only their own approved charges are listed on the statement. Any charges not made by the cardholder will be identified and discussed with the Accounts Payable Specialist.
- The Chief Financial Officer will approve credit card usage by the Principals, and the Chief Executive Officer will approve credit card usage by the Chief Financial Officer, and the Board of Directors Chairperson will approve credit card usage by the Chief Executive Officer.
- The Accounts Payable Specialist will review all charges on the card statement against all purchase documents submitted by the cardholder.
- The Chief Financial Officer, will review charges and supporting documentation prior to the monthly card statement being approved and included for payment.

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company (24 hours a day, seven days a week) as well as the Chief Financial Officer. In the event of theft of the card, a police report will be filed by the cardholder and a copy of the report will be maintained for insurance purposes.

1.3 **Revocation of Corporate Credit Cards**

Failure to comply with any of these policies associated with the use of the Organization's corporate credit cards shall be subject to possible revocation of credit card privileges. The Chief Financial Officer, with the approval of the Chief Executive Officer or Board Chairperson, shall determine whether credit cards are to be revoked.

1.4 **On-going Monitoring of Corporate Credit Cards**

The Organization will implement continuous on-going monitoring of the use of corporate credit cards to ensure only authorized expenditures are made with the credit cards. Credit

card usage must follow the same criteria as all other purchases; i.e., allowable, reasonable, necessary, and allocable, where required.

In addition, the Board of Directors may, from time to time, authorize unannounced monitoring of the use of corporate credit cards.

Corporate credit cards will be assigned only to the Chief Executive Officer, Chief External Officer and Principals and all charges to that assigned card will be the responsibility of that employee. Employees authorizing the use of the credit card by other Organization employees, parents or friends, will be subject to disciplinary action.

1.5 **Employee Personal Credit Cards**

With prior approval from the Chief Executive Officer and/or Chief Financial Officer, the Organization employees may incur legitimate Organization business expenses utilizing their personal credit cards for such expenditures. The Organization shall reimburse employees according to Organization reimbursement policy (PUR106 Reimbursements).

2.0 **DEBIT CARDS**

2.1 **Debit Card Policy**

The organization does not permit the use of debit cards.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	2/13/15	Revision of credit and debit card limits and controls	Oswaldo Diaz, CFO
2	7/21/16	Revision of credit card limits and controls	Oswaldo Diaz, CFO

CSH111 Ex1 USE OF CREDIT CARDS AND DEBIT CARDS CERTIFICATION

Certification of receipt of the Organization Policy and Procedures on the “Use of Credit and Debit Cards”:

I, _____, hereby certify that I have received
(Print name of employee) (Position)
and understand the above-stated policy and procedures and I will comply with those
procedures. Failure to comply with the procedures may subject me to disciplinary action
as outlined in the Organization Human Resources Policies and Procedures Manual.

Signature of Employee

Date

Chief Executive Officer

Date

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SOP # CSH112 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

**Title: CSH112 INTERCOMPANY RECEIVABLES AND PAYABLES
(DUE TO/DUE FROM)**

Policy: To ensure that intercompany transactions between individual charter schools and the central office are processed correctly

Purpose: To outline the practices for intercompany transactions between individual charter schools and the central office

Scope: This applies to all charter schools operated by the Organization.

Responsibilities:

Chief Financial Officer is responsible for performing the intercompany transactions with approval from the Board of Directors.

The Finance Department is responsible for alerting EdTec regarding intercompany transactions. EdTec is responsible for recording it into the accounting system, and ensuring accuracy of fiscal year-end balances.

Background: Charter schools are highly dependent on government funding to operate. Government cuts and funding deferrals can result in cash shortages for schools. Therefore the need arises to allocate resources from other schools to cover any shortfall. It is necessary to correctly record transactions between the charter schools and the central office in order to properly determine each school's receivable/liability.

Procedure:

1.0 INTERCOMPANY TRANSACTIONS

1.1 The Chief Financial Officer, with the support of the Finance Department and EdTec, monitors cash balances daily for the charter schools. When a charter school realizes a need for funds, the Chief Financial Officer will assess resource levels for the other schools as well as the central office. If the central office does not have sufficient funds to advance to the charter school requestor, at the discretion of the Chief Financial Officer, the Chief Financial Officer may transfer funds from a charter school with surplus funds into the central office. The Chief Financial Officer may then transfer funds to the charter school requestor from the central office. For policy regarding inter-account bank transfers, refer to **CSH108 INTER-ACCOUNT BANK TRANSFERS**.

1.2 At the end of the fiscal year, each school's receivable or payable account will be reconciled in accordance with **G&A105 PERIOD-END REVIEW & CLOSING**. Once balances are reconciled, an agreement is prepared at the end of the fiscal year between each school and the central office to document the amount owed and repayment terms.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Revision of responsibilities	Oswaldo Diaz, CFO

SOP # CSH113 Revision: 1

Prepared by: Central Office

Effective Date: 11/12/15

Approved by: BOD

Title: CSH113 FINANCIAL RESERVES

Policy: To ensure each charter school maintains a fund reserve in order to protect itself from unforeseen revenue shortfalls or unexpected expenditures.

Purpose: To describe responsibilities and monitoring procedures over each charter school's fund reserve

Scope: This applies to all charter schools operated by the Organization.

Responsibilities:

EdTec is responsible for day to day monitoring of charter school cash accounts and ensuring their accuracy.

Chief Financial Officer is responsible for oversight over charter school cash accounts as to ensure that required fund reserve amounts are met.

Background: California regulations state that the following reserve amounts must be maintained:

- Greater of 5% of prior year operational expenditures or \$55,000 for districts with 0-300 ADA
- Greater of 4% of prior year operational expenditures or \$55,000 for districts with 301-1,000 ADA

Procedure:

1.0 FUND RESERVE BALANCES

1.1 EdTec will monitor the cash balance for each charter school to ensure its accuracy and to be able to project future amounts. This will be accomplished through timely bank reconciliations and regular budget vs. actual comparisons. This process is critical to quickly detect any potential cash shortages so expenditures can be modified or more resources can be requested.

1.2 If the required fund reserve amount for a charter school cannot be met, the Chief Financial Officer with the support of EdTec will need to determine where cash can be derived from in order to restore the fund balance. This can come from central office funds or from another charter school with surplus funds. See CSH112 INTERCOMPANY RECEIVABLES AND PAYABLES (DUE TO/DUE FROM) for this procedure.

Revision History:

Revision n	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service processes	Oswaldo Diaz, CFO

SOP # INV101 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: INV101 FIXED ASSET CONTROL AND LEASES

Policy: Proper control procedures will be followed for all capital asset acquisitions, transfers and dispositions in order to provide internal control of capital equipment and to assist in reporting.

Purpose: To outline the procedures for acquiring, disposing and maintaining control of capital assets. This is particularly important for assets purchased with grant program dollars where the grantee may want the equipment returned at the end of the program.

Scope: This procedure applies to all capital equipment with a value of \$5,000 or more and with a useful life greater than one year. In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$5,000. Depreciation or amortization is computed on the straight-line basis over the useful lives of the assets.

Responsibilities:

School Principals are responsible and accountable for furniture, equipment, machinery and any other capital assets in their schools and will maintain some type of control over capital assets.

Accounting will assist and evaluate any school's capital asset control procedures.

Procedure:

1.0 ACQUISITIONS

1.1 All purchases of assets costing more than \$500 and less than \$1,000 will be approved by the Purchase Manager. Assets with a cost greater than \$1,000 will also require the approval of the Chief Financial Officer.

Proper authorization shall be obtained through the CoolSIS system for all purchases and purchase orders. Documentation of approval should be printed on all Purchase Orders or check requests submitted to Accounting. School Principals may source the vendor for purchase of the capital assets or can submit the request to Purchasing for procurement.

All purchases above \$5,000 require at least 3 quotes to be obtained. Quotes may be submitted by the requestor or the Purchase Manager can obtain the 3 quotes. The quotes are entered into CoolSIS along with evaluation and selection of the best option by the requestor. The Chief Financial Officer reviews the 3 quotes and forwards the recommendations to the Chief Executive Officer for final review and decision.

1.2 Any internally constructed or donated equipment will be reported to accounting if the item cost has a value of \$5,000 or more. A complete description of the property, date manufactured or received, number of items, cost or estimated value and a statement that it was internally constructed or donated will be included in the report.

- 1.3 To maintain proper segregation and control upon termination of any employees, any employee owned tools, equipment or furniture brought on the Organization premises will be reported to the School Principal. The report should include the employee's name, description of items, identification numbers, if any, and reason for using the asset.

2.0 DISPOSITIONS

- 2.1 Capital assets may be sold or traded-in on new equipment. An example INV103 Ex1 ASSET DISPOSITION form or updating of Excel workbooks is to be completed and approved by the School Principal. Any assets with an original value greater than \$1,000 will also require the Chief Financial Officer's approval.

Upon approval, the school may advertise the property for sale or submit a list to purchasing for sale and disposition. After completion of the sale, an example INV103 Ex2 BILL OF SALE provided below will issued and the ASSET DISPOSITION form will be submitted to Accounting. Accounting will delete the item from the asset records and record any gain or loss on the disposition.

- 2.2 Worn-out or obsolete property with no cash value will be reported to Accounting on the Asset Disposition form with the description, serial number and condition. Accounting will inspect all worn-out of obsolete property before it is removed from the school and discarded. The asset will then be removed from the asset records.
- 2.3 Any asset that is missing or has been stolen will be reported in writing to the School Principal and Accounting as soon as possible. The description, serial number, and other information about the lost item should be included in the report.

Accounting will determine the proper course of action and will notify the company's insurance carrier and any outside authorities if deemed appropriate. If un-recovered, the asset will then be removed from the asset records.

- 2.4 Inter-school transfers of assets will be reported to Accounting in writing including the description, serial number and the name of the school to receive the property.

The School Principal to whom the item was assigned originally will be held accountable until accounting is notified of the transfer. After being notified, the School Principal acquiring the property assumes responsibility. Accounting will then record the inter-school transfer on the asset records.

3.0 ASSET RECORDS

- 3.1 Upon any asset acquisition, Accounting is responsible for assigning and attaching asset number tags to the property where it can be readily located.

Accounting will then maintain a detailed listing of each capital asset item along with depreciation records which will include the description, date acquired, vendor, cost basis, assigned school, depreciation method/life and accumulated depreciation and net book value.

- 3.2 On an annual basis, accounting will furnish each school a report showing a listing of assets assigned to that school and any acquisitions, disposals and transfers during the past

year. Any discrepancies noted by the school should notify the Accounting Department as soon as possible. This report should be filed by the School Principal for reference and later use.

- 3.3 Each school will be responsible for locating assets with its number tag attached that are recorded as assigned to their school whenever requested by Accounting, a county property tax auditor or the company's external auditors.
- 3.4 Whenever a change in School Principal occurs, all items should be accounted for by the outgoing School Principal. The incoming School Principal will accept the responsibility and accountability for the school asset listing upon assuming the position. Accounting can assist with this audit if requested.

4.0 LEASED OR OWNED VEHICLES

- 4.1 The safety and comfort of MERF employees, parents and Board members is of utmost importance. Therefore, MERF has established a policy whereby vehicles, whether leased or purchased, will be retained for a maximum of 100,000 miles or 8 years, whichever is less. The Accounting Department will establish a mileage log to ensure vehicles are properly planned and replaced on schedule. Any individual that is assigned a vehicle shall be responsible for maintaining the mileage log and working with the Accounting Department in complying with the replacement requirements of this policy.
- 4.2 A mileage log will be retained for each vehicle and all users will note the beginning and ending mileage for all trips. This log will be provided to the designated driver upon pickup of keys for use of a vehicle. Under no circumstances may an employee retain the keys or mileage log overnight unless on an authorized, extended trip requiring overnight accommodations. All keys will be returned to the administrative office or central kitchen upon completion of the day's authorized trips.
- 4.3 The Accounting Department will ensure that all vehicles are taken to an authorized vendor for maintenance and service. All vehicles will receive appropriate oil changes on a minimum 5,000 mile schedule. Tires will be rotated at the same time and tires will be replaced after 50,000 miles (or sooner) if believed to be worn beyond prudent safety levels.
- 4.4 The Accounting Department will submit RFPs to authorized vehicle dealers and service vendors on an annual basis. All vehicles will be serviced by the same designated vendor(s) for this annual contract period. The only exception will be for vehicles, newly purchased or leased, which provide for free maintenance and service as part of its warranty period or any special arrangements made as part of the purchase or lease of the vehicle.
- 4.5 Designated drivers must report any problems or issues identified, upon completion of their daily trip(s), to the Accounting Department. A "Vehicle Report" must be completed and submitted to the Accounting Department immediately upon return from any trip whereby a problem or issue is suspected or identified.

- 4.6 If any driver is involved in an accident, whether with another vehicle or not, the driver must complete an Accident Report form and submit the report form to the Accounting Department immediately upon return to MERF. A copy of the report form and instructions for submitting the report and “what to do if involved in an accident” are included in the Exhibits section.

5.0 LEASES

5.1 Classification of Leases

It is the policy of MERF to classify all leases in which MERF is a lessee as either capital or operating leases. MERF shall utilize the criteria described in Statements of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to MERF at the end of the lease term;
2. The lease contains a bargain purchase option;
3. The lease term is equal to 75% or more of the estimated economic life of the leased property; or
4. The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using, as the interest rate, the lesser of MERF’s incremental borrowing rate or, if known, the lessor’s implicit rate).

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

MERF shall also maintain a control list of all operating and capital leases. This list shall include all relevant lease terms.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

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INV103 Ex2 BILL OF SALE

This Bill of Sale is made on (PURCHASE DATE) between (STORE or COMPANY NAME) , a (STATE) Corporation, with its principal place of business at (COMPANY ADDRESS) ("Seller") and (BUYER'S CONTACT INFORMATION) , ("Buyer").

In exchange for the payment of (DOLLAR AMOUNT) Dollars that has been received, the Seller sells, assigns and transfers all of its right title and interest in the (ASSET SOLD) (the "Goods").

The Seller warrants that it owns the Goods and that it has the Authority to sell the Goods to the Buyer. The Seller further warrants that the Goods are free and clear of all liens, indebtedness, or liabilities. The Seller also warrants that all of the Goods are in good working condition as of the date transferred.

I have carefully reviewed this Bill of Sale and agree to and accept its terms and conditions. I am executing this Bill of Sale as of the day and year first written above.

Seller:

Buyer:

NAME
Owner
COMPANY NAME

NAME

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SOP # INV102 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: INV102 FIXED ASSET CAPITALIZATION & DEPRECIATION

Policy: Asset acquisitions with a useful life expectancy of greater than one year and with a minimum threshold amount as specified by the Chief Financial Officer should be capitalized by the Organization and depreciated.

Purpose: The purpose of this procedure is to delineate the capitalization and depreciation methods for various asset groups.

Scope: All acquisitions of capital assets for the Organization.

Definitions: Capitalization - Capitalization is the method chosen to record the purchase of a fixed asset on the Organization's accounting books. If an asset is capitalized then it is not expensed in the same year the asset is purchased. Instead the asset is generally recorded on the balance sheet and individually on an asset schedule. Examples of capital expenditures are purchases of land, buildings, machinery, office equipment, leasehold improvements and vehicles. The asset is expensed each year as depreciation.

Depreciation - is an annual income tax deduction that allows the write-down or write-off of the cost of the asset over its estimated useful life to recover the cost or other basis of certain property over the time the property is used. It is an allowance expense for the wear and tear, age, deterioration, or obsolescence of the property.

As an asset ages and is used by the Organization, its value declines. It, in effect, becomes worth less and less over time. The declining value or usefulness of the asset over time is represented as a discount that is applied to the original purchase price. At the end of the asset's depreciation period, (and/or useful life), its value on the balance sheet will be zero, or fully-depreciated. At the same time, the individual depreciation expenses will have all been recorded on the income statement.

Note: Land is not depreciated because land does not wear out, become obsolete, or get used up. But, the building on the land is depreciated. Land is generally viewed as an appreciating asset while all other capital assets are generally viewed as depreciating over time, with use. But, unlike depreciation, an asset's appreciation is not recorded on the books until the asset is sold, which is when the assets appreciation is realized.

Cost basis – The total amount paid for the asset, in cash or kind, is considered the "cost-basis". This should include all charges relating to the purchase, such as the purchase price, freight charges and installation, if applicable. The cost basis is not the market value or list price of the

asset. It is the total amount invested in the purchase or the total amount paid.

Procedure:

1.0 CAPITALIZATION

- 1.1 All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records.

Bulk computer, software, and other technology purchases with an aggregate value of \$25,000 or more are captured as fixed assets regardless of individual price of item.

In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000. Depreciation or amortization is computed on the straight-line basis over the useful lives of the assets.

Any asset that does not meet the above criteria will be expensed such as small tools and equipment or repairs and maintenance.

- 1.2 The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price, freight charges and installation if applicable.
- 1.3 Leasehold improvements including painting are to be capitalized if they relate to the occupancy of a new office or a major renovation of an existing office or site. Expenditures incurred in connection with maintaining an existing facility in good working order should be expensed as a repair.
- 1.4 The cost of buildings should include all expenditures related directly to its acquisition or construction. This cost includes materials, labor and overhead incurred during construction, and fees, such as attorney's and architect's and building permits.
- 1.5 Maintain proper files on the details to all acquisitions, expenditures, and maintenance performed on all assets. These records are vital for proper tax preparation and are used during yearly tax reporting and planning.

2.0 DEPRECIATION

- 2.1 The depreciation methods/lives for assets must be selected at the time the asset is first placed into service in order to ensure consistent financial reporting and tax compliance.

The Organization uses the straight-line method of depreciation.

The following represents a sample of the useful lives that the Organization may use for financial reporting purposes:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor	20
Buildings		20 - 50
HVAC systems	Heating, ventilation, and air systems	10 - 20
Roofing		20
Interior construction	Leasehold improvements	20 - 25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, tanks	20
Machinery & tools	Shop & maintenance equipment,	3 - 15
Custodial equipment	Floor scrubbers, vacuums, other	7 - 15
Furniture & accessories	Classroom & other furniture	10 - 20
Business machines	Fax, duplicating & printing	3 - 10
Copiers		3 - 10
Communication equipment	Mobile, portable radios	3 - 7
Computer hardware	PCs, printers, network hardware	3 - 5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still & digital)	5 - 10
Athletic equipment	Wrestling mats, weight machines	7 - 10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	5 - 10

- 2.2 The lowest life permitted by tax regulations for asset classes should be selected to optimize depreciation deductions.
- 2.3 Regardless of the depreciation rate required an Organization can elect to use a different method for financial statement purposes. Such method should be justified based on the expected useful life of the asset.
- 2.4 Depreciation will be recorded in the accounting system at the end of the fiscal year.

Revision History:

Revision n	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Revision of capitalization policy relating to technology aggregate purchases	Oswaldo Diaz, CFO

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SOP # REV101 Revision: 1

Prepared by: Central Office

Effective Date: 11/12/15

Approved by: BOD

Title: REV101 SALES RECEIPT PROCESSING

Policy: To ensure the most accurate process for billing for services, sales receipts will be properly evaluated and approved prior to entry into the accounting system.

Purpose: This procedure outlines the activities and responsibilities involved in verifying the acceptability of all sales receipts.

Scope: These procedures are to be followed for all sales receipts.

Responsibilities:

EdTec approves sales receipt documentation.

Procedure:

1.0 DOCUMENT VERIFICATION

1.1 Sales Receipts are often used for Parenting Fees and other similar fees. Verify that all of the correct documents have been used and are present to support the sales receipt transaction. The following documents are required to complete the Sales Receipt transaction:

- Document identifying what the money collected is for
- Approval or authorized signature for the course
- Customer, parent, or other correspondence or support documentation, etc
- Complete the EdTec Deposit Log

1.2 Verify that all required information is available to complete the sales receipt.

1.3 Review the customer's Accounts Receivable aging and determine that the customer is current with their payments and that the new sales receipt will not affect their balance.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service provider process	Oswaldo Diaz, CFO

SOP # REV102 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: REV102 INVOICING, ACCOUNTS RECEIVABLE, RECEIVABLE ACCRUALS

Policy: The Finance Department is responsible for the timely preparation and distribution of invoices to optimize cash flow and customer payments. The Finance Department with the support of EdTec will also maintain accurate records over Accounts Receivables and Accruals and abide by proper internal controls.

Purpose: To explain the methods for the preparation of invoices, accounts receivable, and receivable accruals records processing.

Scope: This procedure applies to all revenue earned and services provided by the company.

Procedure:

1.0 SALES RECEIPT REVIEW

1.1 A formal invoice is not always applicable such as when service fees are collected for items such as Parenting.

1.2 The SALES RECEIPT should contain all pertinent billing information as part of the company's sales receipt procedure. However, as part of proper internal control, Billing will verify the information contained on the customer's sales receipt documentation.

As part of this review process, the propriety and accuracy of contact information, prices, description of services, extensions and footings will be determined.

2.0 INVOICE PREPARATION AND POSTING

2.1 The next sequentially numbered Invoice (see example REV102 Ex1 INVOICE) will be prepared from the information from the Federal, State, or Local Grant or Contract Language including all reimbursable costs and will include the invoice date, service item, description of services or billing information, quantity, rate, class or program code, price and extended amounts and the customer's billing addresses.

2.2 Post the invoice by saving the transaction.

3.0 DISTRIBUTION

3.1 Send one copy of the invoice to the customer and retain a second copy of the invoice in the customer file.

4.0 ACCOUNTS RECEIVABLE

4.1 Accounts Receivable will receive and process payments from customers in accordance with the CASH RECEIPTS procedure.

- 4.2 On a monthly basis, Accounts Receivable will generate an aged trial balance of customers' accounts with individual invoice information and days outstanding and will forward to Finance Manager and Chief Financial Officer for their follow up on any aged invoices.
- 4.3 Accounts Receivable will generate monthly statements of outstanding customers' accounts and issue them to customers no later than 10 days after each month end.
- 4.4 Accounts Receivable will issue Credit Memos to customers upon receipt of approved changes in the terms.

5.0 RECEIVABLE ACCRUALS

- 5.1 Monthly receivable accruals are at the discretion of the Chief Financial Officer and the Finance Manager when those amounts are reasonably known and quantifiable. Fiscal year end receivable accruals are required to be quantified and recorded no later than August 15th.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back office service provider	Oswaldo Diaz, CFO

REV102 Ex1 INVOICE

INVOICE NO. _____

CUSTOMER:

Item	Description	Qty	Rate	Class	Amount
------	-------------	-----	------	-------	--------

Total

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**REV102 Ex 2 ACCOUNTS RECEIVABLE
WRITE-OFF AUTHORIZATION**

Customer: _____

Date: _____

Invoice No's:

Amount of Write-Off

TOTAL

\$ _____

JUSTIFICATION

Summary of Collection Actions To Date:

(Include brief description of collection actions taken by accounting, other Company departments and outside collection agency or legal, if applicable)

Approvals:

Credit Manager: _____

Date: _____

Controller: _____

Date: _____

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SOP # REV103 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: REV103 PROJECT(Grant/Contract) REVENUE: PROGRESS BILLING

Policy: Progress billings will be made to clients on a timely basis throughout the life of the project. Projects are typically considered Federal, State, and Local Grant contracts. These billings will be accurate and easily understood by both parties involved.

Purpose: The purpose for creating progress billings is to obtain payment for the portion of labor and materials, i.e. "reimbursed costs" used up to a certain point in time and before the project is fully completed. This improves the cash flow typical of long-term projects or assignments. This procedure applies to all Federal, State, and Local Grants and Contracts, Service agreements or Projects provided by the Organization.

Scope: This procedure applies to all service agreements or projects provided by the Organization.

Responsibilities:

The Finance Department is responsible for the confirmation of all final program amounts and is responsible for knowing the correct procedures to be followed for each contract.

Procedure:

1.0 CONTRACT TYPES

1.1 Reimbursement for Services. Progress billing for Reimbursement for Services contracts requires School Site Accountants to be up to date and monitor the services being provided according to the terms of each contract. The School Site Accountant will enter into the reimbursement request the allowable costs that may be billed according to the contract. From time to time and at the end of the contract, the Chief Financial Officer reviews the billings of the contract and ensures that all available opportunities to recover reimbursable costs have been considered.

1.2 Set Contracts. Set contracts such as with the individual charter schools involve reimbursement for costs such as building rental and an allowance for the amount of apportionment attendance earned. Although the contract is set by terms of the contract, since student attendance can vary, the invoicing for these types of contracts is the same amount throughout the fiscal year and reconciled at the end of the year to account for the final attendance counts.

2.0 BREAKDOWN OF CONTRACT AMOUNT

- 2.1 The Finance Department with the support of EdTec is responsible for the final reconciliation of all grant and other contracts at the end of the year by reviewing final billings prepared by the School Site Accountant and/or the School Principal. Normally, the contractual agreement will specify the procedures for payment and may also specify the form of the breakdown of contract amount that is required. Care should be taken to be sure that all costs, services, and fees are fully billed and accounted for in each contract.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office provider and revision of responsibilities.	Oswaldo Diaz, CFO

SOP # REV104 Revision: 0
Effective Date: 2/14/13

Prepared by: Central Office
Approved by: BOD

Title: REV104 ACCOUNT COLLECTIONS

Policy: All open accounts receivable with late or delinquent payment activity will be handled in a timely and effective manner to ensure maximum collections and an optimum accounts receivable turnover ratio.

Purpose: To provide the actions and methods for processing late or delinquent payments.

Scope: This procedure applies to the Accounts Receivable Department involved with collection of past due accounts receivable. The School Site Accountant and the Chief Financial Officer may be involved in reference special arrangements.

Responsibilities:

The School Site Accountant reviews all records for a customer to determine a possible explanation for non-payment prior to commencing the collection process.

Definition: Bad Debt consists of unpaid accounts receivable invoices that are considered to be uncollectible.

Debt collector is any person who regularly collects debts owed to others. This includes attorneys who collect debts on a regular basis.

Procedure:

1.0 COLLECTION PROCESS

- 1.1 No matter how careful customers are screened prior to credit approval, slow pay or delinquent accounts will occur from time to time. Once an account becomes past due by even a few days, the collection process should commence immediately. Studies have shown that the sooner the collection process starts then the more likely that the debt will be collected.
- 1.2 Prior to commencing the collection process, the following should be reviewed by the assigned School Site Accountant:
 - Verify that after the Invoice was immediately sent out for all billings to the customer and sent to the correct billing address.
 - Make certain that the Organization has not received the customer's payment or applied it to the wrong account. These seem obvious, but it can avoid an uncomfortable situation in wrongly accusing the customer of delinquent payments.

- Review the customer's past payment activity. Determine if they are chronically late and what their response has been to any other overdue notices to determine payment patterns or trends.

1.3 Upon review of the above, the Accounts Receivable Representative should then proceed with the collection process by completing an REV104 Ex1 ACCOUNT COLLECTION CONTROL Form. This form will assist in planning and tracking the collection effort. Depending on the amount and the customer situation, the representative can choose to follow-up with collection letters, telephone calls or both.

Record all actions taken (late payment notice, telephone call, etc.) with a date on an ACCOUNT COLLECTION CONTROL Form filed in the customer folder. All customer agreements and explanations should be noted. If payment has not reached the Organization by the expected date, immediate follow-up action should be taken with another collection call or letter. The longer an overdue account is ignored, the longer the customer will ignore it, too.

1.4 Telephone communication will often speed up the collection process. Credit representatives, when speaking with a delinquent account, should observe a few tips or principles.

- Identify yourself and the Organization and state the reason for calling. Be direct and use a controlled, confident voice. Concentrate on listening to the customer and don't rush through the call.
- Get the Facts - The most powerful tool is knowledge. During the phone conversation, try to gain as much insight into the situation as possible. Remember, the goals and objectives are to:
 - ❑ Collect the money!
 - ❑ Identify reasons for non-payment
 - ❑ Settle on an agreement for clearing the debt, including special payment plans and exact dates when a check will be sent.
- Never argue, accuse or be condescending - Verbally fighting or talking down to the customer will only serve to produce negative feelings and may hamper the collection effort. The ultimate purpose is to secure payment, and this is best accomplished without becoming defensive or irritated.
- There are several common objections, complaints and excuses used to elude payment. Study the following examples to learn the most effective responses to the most frequently used ploys.

"I didn't get the invoice." - Respond by verifying the debtor's name and address, and then review the account information with them.

"The check is in the mail." - Extend your thanks, then ask for a check number, amount, date posted and address to which it was mailed.

"Your payment is being processed." - Ask when the payment will be ready for the mail. Determine the process that the payment undergoes after it leaves your contact's desk.

"I need proof of delivery." - Give the customer the name of the person who signed the delivery slip.

"The computer is down." - When do you expect it to be up? Can we get a manual payment?

"I'll pay you when we get paid." - Respond calmly, but make a direct request for payment, such as "When can I expect payment?"

"I have no money" - Create a payment plan. Be flexible and consider alternatives offered by the customer. Work toward making the plan acceptable to both of you.

- 1.5 Many people find it difficult to confront customers regarding delinquent payments. Just keep in mind that it is the customer, who should feel uncomfortable in this situation.
- 1.6 If customers stop paying, their phone has been disconnected, and you cannot find them, consider using these resources to locate these debtors and their assets:
- City directories
 - Post office (for a forwarding address)
 - A customer's employer
 - Department of motor vehicle license and registration records
 - "In case of emergency" contact, references or closest relatives listed on a credit application
 - Old files and correspondence
 - The Internet (i.e. <http://www.isleuth.com/peop.html>)
 - Skip-tracing services or private investigator
 - Credit bureau reports
 - Neighbors
 - Directory assistance

2.0 SERIOUSLY DELINQUENT OR UNRESPONSIVE ACCOUNTS

2.1 When an account becomes more than 60 days past due, the immediate target of securing prompt payment should take on a greater sense of urgency. The Finance Manager should review the account with Accounts Receivable to determine if the customer's business is valued.

If their business is valued, the following strategies may be used to collect payment:

- Restrict any further credit until the past due amount is paid in full.
- Withhold services already entered into. The harsh reality of having a MERF customer have to move from a MERF location or find a new provider often can spur a delinquent account into action.

2.2 If all other avenues for collection of the account have been exhausted, the Finance Manager, after consulting with the Chief Financial Officer, may want to consider and authorize the use of an outside collection agency.

2.3 All uncollectible accounts will be reviewed by the Finance Manager for disposition.

3.0 WORKING WITH COLLECTION AGENCIES

3.1 Collect all material records for the debt in question and send them to the collection agency. The agency will require a copy of the invoice, proof of delivery, and/or any other correspondence that may help them collect the debt.

3.2 Record the date the debt was sent to collections in the accounts receivable file.

3.3 If payments are received after the debt has been sent to collections, then notify the collection agency immediately in order to stop any further collection efforts. The agency will take their fee for any debt that has been collected once it has been registered by the agency.

3.4 If all other avenues for collection of the account have been exhausted, the Organization should consider further legal action.

4.0 WRITING OFF UNCOLLECTED DEBT

4.1 Write-off any debts remaining uncollected or that are returned from the collection agency and record as a bad debt expense and deduct from accounts receivable.

4.2 If any payments are received after being written-off from accounts receivable, then receive them in as income in the period received.

4.3 If bad debt is a recurring problem then consider setting up a reserve account or allowance for bad debt at the beginning of the year.

References:

A. FAIR DEBT COLLECTION PRACTICES ACT (FDCP)

The FDCP requires that debt collectors treat consumers fairly and prohibits certain methods of debt collection. Personal, family, and household debts are covered under the Act. This includes money owed for the purchase of an automobile, for medical care, or for charge accounts. Business debt is not included.

Debt collectors may not 1) harass, oppress, or abuse the debtor or any third parties they contact. 2) Use any false or misleading statements when collecting a debt.

For example, debt collectors may not:

- Use threats of violence or harm;
- Publish a list of consumers who refuse to pay their debts (except to a credit bureau);
- Use obscene or profane language; or
- Repeatedly use the telephone to annoy someone.
- Falsely imply that they are attorneys or government representatives;
- Falsely imply that the debtor may have committed a crime;
- Falsely represent that they operate or work for a credit bureau;
- Misrepresent the amount of the debtor's debt;
- Indicate that papers being sent to the debtor are legal forms when they are not
- Indicate that papers being sent to the debtor are not legal forms when they are.
- Give false credit information about the debtor to anyone, including a credit bureau;
- Send the debtor anything that looks like an official document from a court or government agency when it is not.
- Use a false name.
- Collect any amount greater than the debtor's debt, unless the debtor's state law permits such a charge;
- Deposit a post-dated check prematurely;
- Use deception to make the debtor accept collect calls or pay for telegrams;
- Take or threaten to take the debtor's property unless this can be done legally.
- Contact the debtor by postcard.
- Say the debtor will be arrested if they do not pay the debt;
- Say they will seize, garnish, attach, or sell the debtor's property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so.

- Say they will take actions, such as a lawsuit against the debtor, when such action legally may not be taken, or when they do not intend to take such action.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	

REV104 Ex1 ACCOUNT COLLECTION CONTROL FORM

Account Name: _____ Date _____ Customer Reply or Action

Taken

Address: _____

Contact(s): _____

Telephone #'s: _____

Payment Terms: _____

Comments: _____

<u>Invoice</u>	<u>Date</u> <u>Due</u>	<u>Amount</u>	<u>Date</u> <u>Paid</u>	Running <u>Total</u> <u>Due</u>
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SOP # REV105 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: REV105 REVENUE RECOGNITION - GRANTS AND CONTRIBUTIONS

Policy: The Organization receives revenue from several types of transactions. It is the policy of the Organization to separate and recognize revenue from grants and contributions separately in the financial statements of the Organization and to comply with all current Federal and California rules regarding solicitation and collection of charitable contributions.

Purpose: To provide a separate accounting of grant and contribution income.

Scope: This procedure applies to all grant and contribution income.

Responsibilities:

Chief Financial Officer and the Finance Department direct the separate accounting for grant revenue and contributions received.

EdTec ensures that grant and contribution revenues are separately tracked within the accounting system.

Definition:

Contribution - An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization's liabilities, in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Condition - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets.

Restriction - A donor-imposed stipulation that specifies a use for the contributed asset that is more specific than broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in the Organization's articles of incorporation and bylaws. Restrictions on the Organization's use of an asset may be temporary or permanent.

Nonreciprocal Transfer - A transaction in which an entity incurs a liability or transfers assets to the Organization without directly receiving value from the Organization in exchange.

Promise to Give - A written or oral agreement to contribute cash or other assets to the Organization.

Exchange Transaction - A reciprocal transaction in which the Organization and another entity each receive and sacrifice something of approximately equal value

Procedure:

1.0 GRANT AND CONTRIBUTION REVENUE RECOGNITION

1.1 **Grant income** – Recognized as income when received, based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards). The types of grant income typically received by the Organization are:

- (a) Education payments for MERF Charter services.
- (b) Various Federal, State, and Local grants and contracts.
- (c) Other types of grant income may be received from time to time.

At year-end, grant income that has been incurred but not yet received are accrued to conform with generally accepted accounting principles.

1.2 **Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income).

1.3 CONTRIBUTIONS RECEIVED

A. Distinguishing Contributions from Exchange Transactions

The Organization may receive income in the form of contributions, revenue from exchange transactions, and income from activities with characteristics of both contributions and exchange transactions. The Organization shall consider the following criteria, and any other relevant factors, in determining whether income will be accounted for as contribution income, exchange transaction revenue, or both:

1. The Organization’s intent in soliciting the asset, as stated in the accompanying materials;
2. The expressed intent of the entity providing resources to the Organization (i.e. does the resource provider state its intent is to support the Organization’s programs or that it anticipates specified benefits in exchange?);

3. Whether the method of delivery of the asset is specified by the resource provider (exchange transaction) or is at the discretion of the Organization (contribution);
4. Whether payment received by the Organization is determined by the resource provider (contribution) or is equal to the value of the assets/services provided by the Organization, or the cost of those assets plus a markup (exchange transaction);
5. Whether there are provisions for penalties (due to nonperformance) beyond the amount of payment (exchange transaction) or whether penalties are limited to the delivery of assets already produced and return of unspent funds (contribution); and
6. Whether assets are to be delivered by the Organization to individuals or other than the resource provider (contribution) or whether they are delivered directly to the resource provider or to individuals or the Organization is closely connected to the resource provider.

B. Accounting for Contributions

The Organization shall recognize contribution income in the period in which the Organization receives restricted or unrestricted assets in nonreciprocal transfers, or unconditional promises of future nonreciprocal asset transfers, from donors. Contribution income shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions. See REV107 Restricted Funds for more details.

Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) of the Organization in the period that the Organization receives evidence that a promise to support the Organization has been made. Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management. Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value. Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to the Organization at the time the Organization receives a promise from a donor.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

When it receives support in the form of volunteer labor, the Organization shall record contribution income and assets or expenses if one of the following two criteria is met:

1. The contributed service creates or enhances a nonfinancial asset (such as a building or equipment), or
2. The contributed service possesses all three of the following characteristics:
 - a. It is the type of service that would typically need to be purchased by the Organization if it had not been contributed,
 - b. It requires specialized skills (i.e. formal training in a trade or profession), and
 - c. It is provided by an individual possessing those specialized skills.

Contributed services that meet one of the two preceding criteria shall be recorded at the fair market value of the service rendered.

C. Receipts and Disclosures

The Organization and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and its underlying regulations. To comply with those rules, the Organization shall adhere to the following guidelines with respect to contributions received by the Organization.

For any separate contribution received by the Organization, it shall provide a receipt to the donor. The receipt shall be prepared by the School Principal. All receipts prepared by the Organization shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received;
2. A statement of whether the Organization provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received by the Organization from the donor, and
3. If any goods or services were provided to the donor by the Organization, a description and good faith estimate of the value of those goods or services.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Change in responsibilities	Oswaldo Diaz, CFO

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SOP # REV106 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: REV106 GIFTS-IN-KIND

Policy: MERF may accept contributions of goods or services that can be used to advance the mission of MERF and/or any of its schools or may be converted readily into cash. When accepting a gift-in-kind, the receiver must ask the donor to complete as an example REV106 Ex1 GIFT-IN-KIND FORM. Once the donor has completed the form, the receiver must sign the form and send it immediately to the central office for processing.

Purpose: To ensure that Gift-In-Kind transactions are handled in accordance with IRS guidelines and are properly recorded.

Scope: All Gift-In-Kind transactions.

Responsibilities:

Receiver is responsible for assessing the gift for usefulness to the Organization.

School Principal is responsible for handling donor documentation.

The Financial Analysts are responsible for assessing value of gift and informing EdTec so that it can be recorded into the accounting system.

Definition: **Gifts-In-Kind** - Transactions categorized as a voluntary contribution of goods or services that can be used to advance the mission of MERF or can be readily converted to cash and may qualify as a charitable deduction for the person(s) making the gift.

Contributed services cannot be counted as a gift and do not qualify as a charitable tax deduction to the donor. However, a donor of services may be able to deduct expenses incurred while performing said services. In such cases, the donor should be advised to consult with a tax accountant.

Background: The IRS has specific regulations regarding gifts-in-kind. This policy outlines the process an employee of MERF should follow when presented with a gift-in-kind. It limits the liability that may inadvertently be assumed by placing value on gifts or by accepting a gift that does not advance the mission of MERF or cannot be readily converted to cash. It further assures that a donor will receive timely acknowledgement of his/her contribution.

Procedure:

1.0 RECEIPT OF GIFT

1.1 When presented with a potential gift-in-kind, an individual must assess if the gift can be used to advance the mission of MERF or could be readily converted to cash. If there is any question as to whether the contribution meets either of these

criteria, the individual should contact his/her immediate supervisor or the central office.

- 1.2 If the gift is accepted, the individual should offer an immediate and sincere expression of gratitude. At that time, the donor should be given a Gift-In-Kind form and be encouraged to complete the form at that time. If the donor is unable or unwilling to complete the form, the receiver may complete the form, write "N/A" as the estimated fair market value, and enter that the form was completed by him/her in the note section in the lower right hand corner.

The individual accepting the gift cannot offer tax advice or dictate the value of the contribution. It is the responsibility of the donor to determine the fair market value of the contribution. **Note:** the value is for MERF internal gift reporting and accounting only; the donor's receipt and/or acknowledgement will not indicate value in any way that could be construed as an endorsement of its value.

- 1.3 If the item is personal property of the donor and is valued at more than \$5,000, the donor must obtain a certified appraisal. The appraisal cannot be dated more than 60 days from the date of the donation. It must be prepared, signed and dated by a qualified appraiser. Federal law requires that the donor pay for the appraisal. (The cost of the appraisal is also tax deductible). This value will be used for gift reporting purposes only.

What constitutes a qualified appraisal:

- I. Appraiser must hold himself or herself out to the public as an appraiser and state credentials showing that he or she is qualified to appraise the type of property being valued.
- II. Appraiser must value the property no more than 60 days before the date of gift; it can be done after the gift has been accepted by the MERF.
- III. Appraiser cannot be (1) the donor, (2) the donee (MERF), (3) any party to the transaction, (4) an appraiser used regularly by (1), (2) or (3), or anyone employed or related to (1),(2), or (3).

The appraisal must contain the following information:

- 1. A description of the item
 - 2. Its physical condition
 - 3. The date (or expected date) of the contribution
 - 4. Name, address and tax ID number of the appraiser
 - 5. Qualifications of the appraiser including his/her background, experience and education
 - 6. A statement that the appraisal was prepared for income tax purposes
 - 7. Date the item was valued
 - 8. Appraised fair market value of the item
 - 9. Method of valuation (income approach; market data approach; replacement cost minus depreciation approach.)
 - 10. Appraiser must complete Part IV of Section B on form 8283
- 1.4 The individual accepting the gift will sign and date the Gift-In-Kind form only after the donor has irrevocably turned over the gift-in-kind. Once signed, the

form should be turned over to the School Principal immediately for processing and acknowledgement.

- 1.5 The School Principal will notify the School Site Accountant of the contribution. The School Site Accountant will then provide necessary information to EdTec so that it can be assigned as an asset or income to the appropriate school or to the central office.

2.0 COMPLIANCE

- 2.1 The IRS allows an individual to deduct the full fair market value of a donated item if it is kept by MERF and used for one of its tax-exempt purposes. If the item is to be converted to cash, then the donor may claim a deduction of the cost value or the fair market value, whichever is less. **It is the sole responsibility of the donor to determine the value of a contributed item; the receiver cannot assign a value to the donated item(s).**
- 2.2 Upon receipt of a gift-in-kind, MERF will issue an acknowledgement to the donor along with a copy of the Gift-In-Kind form. The acknowledgement will contain only a description of the contribution and will not include a statement as to the value of the contribution. It will further contain a statement as to what, if any, goods or services were given in exchange for the contribution. MERF cannot issue an acknowledgement for contributions that cannot be used or readily converted to cash.
- 2.3 For gifts with values exceeding \$5,000, the donor must complete all parts of IRS form 8283 and submit the form to MERF for signature. The School Principal, the Chief Financial Officer and the Chief Executive Officer are the only individuals authorized to sign 8283 forms.

If MERF has signed an IRS form 8283 and then sells, exchanges or otherwise transfers the gift within two years from the date of gift, the central office must file a donee information return, IRS form 8282, within 125 days of disposing the property. MERF will advise the donor if such a transaction occurs as it may affect the charitable tax deduction for which they qualify.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office service provider process	Oswaldo Diaz, CFO

REV106 Ex1 GIFT-IN-KIND CONTRIBUTION FORM

Date: _____

Event Name (if applicable): _____

Donor Information:

Donor Name _____

Contact Person _____

Address _____

City _____ State _____ Zip _____

Daytime phone _____ E-mail Address _____

Gift Description: _____

Estimated fair market value (by donor): \$ _____

Special instructions (e.g., item delivery or pick up, restrictions, etc.):

Please return this form to:

Finance Department Phone: (714)892-5066
13950 Milton Ave. Fax: (714)362-9588
Suite 200B
Westminster, CA 92683

Per IRS regulations, any item you value over \$500 requires IRS Form 8283; any item you value over \$5,000 requires Form 8283 and a written appraisal.

This form does not serve as a receipt for this contribution, but is intended for our internal record keeping purposes only. A receipt describing the items or merchandise donated will be mailed to the address supplied above. Magnolia Educational & Research Foundation is unable to include the estimated value on the donor receipt. It is the responsibility of the donor to substantiate the fair market value for his/her own tax purposes. The donation of services, although very valuable and much appreciated, is generally not considered tax deductible by the IRS. Please consult with your tax advisor to determine the tax implications of your gift.

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SOP # REV107 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: REV107 RESTRICTED FUNDS

Policy: To properly record and track funds with restrictions in order to ensure the donor's intended uses are met, assist with cash flow planning purposes, and to stay within compliance with laws relating to use of restricted funds.

Purpose: Generally accepted accounting principles require the Organization to classify funds based on the restrictions provided by the donor. These classifications may be unrestricted, temporarily restricted or permanently restricted. Donor restrictions should be in writing, to ensure proper treatment.

Scope: This procedure applies to funds received that are classified as temporarily or permanently restricted.

Responsibilities:

EdTec is responsible for recording restricted donations and releases from restrictions properly in the accounting system. EdTec is also responsible for periodic reconciliation of restricted asset totals and monitoring restrictions to determine whether they have been met.

Chief Financial Officer is responsible for monitoring of restrictions and determining whether fulfilling restrictions can be viable for the Organization.

Definition:

Unrestricted Net Assets - net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Temporarily Restricted Net Assets - net assets whose use are limited by donors to either a specified purpose or a later date. Pledges receivable are considered to be temporarily restricted because of an inference that uncollected amounts are intended for future periods.

Permanently Restricted Net Assets - net assets whose use are restricted in perpetuity, such as endowments.

Procedure:

1.0 RESTRICTED FUNDS

1.1 At the time revenue is earned by the Organization, the Financial Analysts with the support of EdTec will review any related documentation associated with the revenue to determine whether there are any restrictions on the money. Examples

of restrictions are individual donations given with the intent of supporting a particular program or campaign, a grant received to operate a specific program or project, and donations received to hold in perpetuity. This information can be found on the award letter or on the financial instrument itself. If the revenue is determined to contain restrictions, EdTec will record in a separate class in the accounting system to keep separate from unrestricted funds.

- 1.2 **Temporarily Restricted Funds** – These funds will be monitored for satisfaction of donor restrictions on a regular basis. Once stipulations are met, they are reclassified from temporarily restricted funds to unrestricted funds regardless of when the related expenses will occur. This is known as “net assets released from restrictions.”
- 1.3 **Permanently Restricted Funds** – These funds are restricted by the donor for a designated purpose or time restriction that will never expire. The intent is that the principle balance of the contribution will remain as an investment forever, and the Organization will utilize the interest and investment returns, such as with an endowment.

2.0 ACCOUNTING FOR RESTRICTED FUNDS

- 2.1 In addition to the obligation to its donors, the Organization is bound by law to spend contributed dollars as designated. If a condition on restricted funding has not been fulfilled and the money has been spent, the donor can demand that the funds be returned, pursue legal action, or contact the Office of the Attorney General. It is of the utmost importance that donor restricted funds are handled properly.
- 2.2 Do not budget to spend money unavailable to Organization. When planning and budgeting, be mindful of any and all of the time and activity restrictions present on restricted funds. Understand how restrictions will impact cash flow and availability of funds.
- 2.3 Educate staff and board members who are accountable for the Organization’s financial decisions so that they fully understand funding restrictions. Know when the restrictions are satisfied and how to release the funds from restriction.
- 2.4 When analyzing financial reports, pay close attention to unrestricted funds and, unless you are making decisions regarding programming for which the funds have been restricted, avoid basing decisions on restricted funds. Try to focus your attention on the “Unrestricted” amounts. Formatting financial report with columns that delineate unrestricted and restricted funds can be very helpful.
- 2.5 Most restrictions on funds directly relate to the grant or fundraising request. When researching and applying for grants, be aware of any challenges that potential restrictions could present to the Organization.
- 2.6 Fundraising letters and appeals can inadvertently place restrictions on donations. Be certain that managers and donors understand the purpose of contributed dollars and understand if restrictions are present. Also, be certain that staff charged with fundraising understand that appeals can lead to restricted gifts.

- 2.7 Work with staff to understand the true cost of programming. Allocate all direct costs associated with a program. These allocations help to prepare more accurate budgets for grants and fundraising appeals, and better utilize contributions restricted to specific programs to ease the pressure on limited general operating dollars.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Change in responsibilities	Oswaldo Diaz, CFO

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SOP # PUR101 Revision: 1
Effective Date: 2/20/15

Prepared by: Central Office
Approved by: BOD

Title: PUR101 VENDOR SELECTION

Policy: To ensure the performance capabilities of all vendors and maintain the internal controls of over the purchasing functions, vendor selection , quality control , and certain procedural requirements.

Purpose: To provide the methods for determining, documenting and, when applicable, inspecting vendors for compliance with Organization policies and contract purchasing requirements.

Purchased products and services should conform to specified requirements. This starts with selection of appropriate suppliers, consultants, and contractors that have the capability and systems to supply products, materials and services to satisfy Organization requirements. Suppliers and consultants are controlled to the extent necessary based on the effect of the purchased items and services on the quality of the Organization's products and services.

Scope: This procedure applies to all vendors of products, materials, and services that directly affect the quality of the Organization's products and services.

Responsibilities:

The Board of Directors shall have authority to approve all contracts including budgeted and non-budgeted items over \$25,000.

Chief Executive Officer shall have authority to approve all contracts up to and including the amount \$25,000 for all budgeted and non-budgeted amounts.

School Principal is responsible for initial supplier, contractor, and consultant (Collectively the "Supplier") identification and for collection of business information related to the potential supplier. School Principal shall have the ability to approve purchases up to and including the amount of \$5,000.

Chief Financial Officer is responsible for approving contracts up to \$10,000 that are within the approved budget.

Procedure:

1.0 VENDOR SELECTION

1.1 New vendors are to be evaluated using the following criteria:

- Pricing: competitive pricing is one component of the evaluation and may be out weighed by other factors. Pricing alone will not be a deciding factor unless all else is equal.
- Parts availability and shipping time frame.
- Performance capability (i.e., financial status, sufficient facilities, capability of equipment and employees, professional licenses, years of experience).
- Internal Quality Assurance program: Contractors undergo PEER Review, hold additional licenses, are given preference.
- Reference checks.
- Warranty information if applicable.
- Whether the vendor is debarred from receiving State and/or Federal funds

1.2 Ongoing evaluation of suppliers:

- On-Time Delivery, 100% on time expected (0 days early, 0 days late)
- Quality: (Items (or lots) rejected/Total items (or lots) received) X 100. Ratings less than 95% require corrective action. Exceptions to the 95% Corrective Action requirement may be given where the total quantity of items or lots received is small and at the Controller's discretion.

1.3 Qualified vendors will be maintained on an Approved Vendor List for purchasing. The approved list can be as simple as those vendors that are retained as "active" in the accounting system.

2.0 VENDOR INSPECTIONS

2.1 For critical components that the Organization desires to rely on the quality assurance of the vendor to reduce receiving inspection or testing requirements such as with high end computer parts, an on-sight vendor inspection may be performed and approved.

2.2 The Controller will coordinate with the Purchase Agent to plan, arrange and designate staff for all vendor inspections when considered necessary by the Chief Financial Officer.

3.0 VENDOR FILES

3.1 A vendor file will be prepared and maintained for all vendors on the Approved Vendor List, which will be used for significant or on-going purchasing. The vendor files will be kept alphabetically and should include the following:

- IRS W-9 Taxpayer Identification Certificate (a PDF download is available at: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>)
- Resale certificates (only required for those that resell their purchases)
- Legal contracts, dealer or marketing agreements, etc.
- Long-term blanket purchase order commitments
- Proof of insurance
- Any other relevant correspondence or documentation

3.2 Form 1099 must be filed at year-end for the proper reporting of income to certain vendors. To determine whether or not one needs to be filed, all non-merchandise vendors should complete an IRS W-9 Request for Taxpayer Identification Number Certificate. A copy can be obtained via the IRS website (www.IRS.gov) or by contacting the local IRS office. The vendor indicates on the form the reporting status. Note: Incorporated vendors do not receive 1099s.

This applies to all contractors for service (repair person, accountant, consultant, etc) who are NOT incorporated, and to all lawyers, regardless of incorporation. It is important to make this determination before engaging the contractor so that all payments can be properly tracked for 1099 reporting purposes at the inception.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	2/16/15	Segregation of Duties	Oswaldo Diaz, CFO

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SOP # PUR102 Revision: 2

Prepared by: Central Office

Effective Date: 11/12/15

Approved by: BOD

Title: PUR102 GENERAL PURCHASING

Policy: All purchases of goods and services shall be consistent with the Board-approved budget. The investment in supplies and capital equipment will be facilitated through the Purchasing Department, maintained at the lowest effective level and supervised consistent with a common set of procedures and controls as required by all regulatory and customer contract requirements.

Purpose: To outline the actions to be taken for 1) the procurement of supplies and capital equipment, 2) the completion of related documents.

Scope: This procedure applies to the purchase of all supplies and capital equipment for all departments within the Organization.

Responsibilities:

All personnel that require a product or service must complete a request in CoolSIS specifying items for purchase and obtain required approvals.

Chief Financial Officer and the Finance Department are responsible for using good purchasing methods, optimizing price savings, quality or value of products, vendor working relationships, placing orders with approved suppliers, negotiating pricing with suppliers, and forwarding all paperwork to EdTec accounts payable for payment.

EdTec accounts payable is responsible for payment of invoices only after satisfactory completion or delivery of goods or services has been made.

The School Site Personnel and Other Designated Individuals are responsible for receiving, inspecting materials, and forwarding all paperwork to a designated agent at EdTec.

Procedure:

1.0 ORDER DETERMINATION AND REQUISITION

1.1 Purchasing should obtain the optimal price for any purchases. All purchases above \$5,000 require at least 3 quotes to be obtained. Quotes may be submitted by the requestor, Controller or the Purchase Manager can obtain the 3 quotes. The quotes are entered into CoolSIS along with evaluation and selection of the best option by the requestor. The Chief Financial Officer reviews the 3 quotes and forwards the recommendations to the Chief Executive Officer for final review and decision.

1.2 For purchases of goods and supplies, a request in CoolSIS will be prepared by the originating individual or department. The CoolSIS request should be completed

and approved with the following items and any additional supporting documentation:

- Complete description with part or model numbers and link to website if available
- Engineering drawings and specifications
- Type, Class, Grade required
- Quantity required
- Date required
- Requesting department, account code, and allowance/resource code
- Recommended vendor or source if applicable
- Other requirements
- Special shipping requirements
- Special inspection requirements upon receipt

For the following purchases, additional information is required:

- Textbooks – Full ISBN
- Airline tickets - passenger(s) legal name(s), date of birth, gender, departure/arrival airport codes and exact dates
- Vehicle rentals - vehicle type, exact dates and exact pick up/drop off locations

1.3 If the requisition is for subcontracted services:

- A complete description of the service to be performed
- Engineering drawings and specifications if appropriate
- Requirements for qualification of personnel
- Other documents such as insurance forms, etc.
- Quality standards to be applied

1.4 Purchasing/Accounting will analyze terms, vendor, pricing, quantity breaks, etc., and will order accordingly in the Organization's best interest. Purchasing will notify the requester of any material variances prior to placement of the order.

1.5 Reimbursements for purchases made by staff will be processed upon proper authorization through CoolSIS.

2.0 ORDER PLACEMENT

2.1 Requestor is responsible for completing a purchase order form for all orders. This can be processed through CoolSIS. Purchase orders are exempted for items such as salaries and related costs, utilities, and instate travel, or where a contract exists.

- 2.2 If there are any requirements for items to be inspected at the supplier's or the Organization's premises by the Organization or our customer, the arrangements and method of product release shall be included in the purchasing information.
- 2.4 Buyers must review their purchase orders for accuracy. The buyer submits their authorization through CoolSIS indicating the review was performed.
- 2.5 Orders can be placed with the vendor either by telephone, fax, internet or mail. When placing orders by telephone, the vendor contact and date of order should be noted and a confirming copy of the order sent to the vendor. Pre-approval for any purchase is always required.
- 2.6 Purchasing is responsible for communicating with those receiving the supplies, following-up on shipping, delivery, and expediting and partial shipments of ordered items. Purchasing can either telephone vendors or use a PUR102 Ex1 PURCHASE ORDER FOLLOW-UP form to verify, trace or expedite orders.

3.0 RECORDKEEPING AND MATCHING

- 3.1 When Purchase Orders are issued, the Purchasing and Accounting copies will be placed in an Open File until the items are received. The Open File should be reviewed on a weekly basis to determine whether any orders need follow up.
- 3.2 Items will be received in accordance with procedure PUR103 RECEIVING AND INSPECTION. The completed vendor's packing list is kept at the site where the shipment was received.
- 3.4 For partial shipments, a note will be made in CoolSIS to identify the shipment as partially received. The original Purchase Order will be kept in the open file until all items are received.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	2/13/15	Segregation of duties and limits	Oswaldo Diaz, CFO
2	11/12/15	Inclusion of back-office service provider processes	Oswaldo Diaz, CFO

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PUR102 Ex1 PURCHASE ORDER FOLLOW-UP

To:

Date: _____

Please rush a reply to us by fax or telephone on the information requested below. Thank you.

Our Purchase Order #: _____

From:

Dated: _____

Please Respond To Our Request As Indicated Below

- Please rush shipment. Advise delivery date: _____
- Has shipment been made? Advise carrier/date: _____
- Partial shipment received. Balance to ship when? _____
- Can you ship in accordance with our requested date? _____
- This shipment will be shipped via what? _____
- Price on Terms do not match quotation: _____
- Please review attached and confirm accuracy of all information and prices. Acknowledge below.
- These items are not taxable. Our Tax Exempt No. is _____. Please revise invoice.
- Incorrect calculations on invoice noted. See attached and verify.
- Other _____

Comments or Reply: _____

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SOP # PUR103 Revision: 1

Prepared by: Central Office

Effective Date: 11/12/15

Approved by: BOD

TITLE: PUR103 RECEIVING AND INSPECTION

Policy: All parts, components, goods and materials will be received in an organized manner and inspected for conformance prior to stocking or use in order to provide an initial quality control inspection. Any items or shipments rejected will be properly quarantined from other inventory items until disposition.

Purpose: This procedure outlines the steps for the receiving and inspection of materials, components, or parts and the disposition of rejected items.

Scope: This procedure applies to the receipt of all purchases.

Responsibilities:

Anyone Performing the Receiving Function are responsible for receiving, inspecting materials, filing receiving documents at site, and marking purchase order as received.

Purchasing is responsible for accepting or rejecting damaged goods.

EdTec is responsible for payment of invoices.

The Finance Department will review and authorize all rejections.

Procedure:

1.0 RECEIVING

1.1 A "receiver" is any form used to record the specific types and counts of product or materials received. Usually, the receiver is provided by the vendor and is not part of the Organization's system at all.

An example of this would be a detailed packing slip, furnished by the vendor with the shipment. The packing slip should be kept at the school site.

All incoming product or materials are to be counted and reconciled with what was originally purchased. Discrepancies must be recorded.

1.2 All incoming shipments must be examined for apparent package damage. If the shipment has apparent damage, notify Purchasing/Accounting immediately. Purchasing will decide to either accept or reject the shipment from the carrier and/or file a freight claim.

1.3 If the shipment shows no signs of damage or the Purchase Manager or School Site Principal or designee has decided to accept a damaged shipment, count the shipping pieces (i.e., packages, boxes but not the contents; see Inspection below) and confirm with the bill of lading and note any exceptions (i.e., package damage or shortages).

2.0 INSPECTION

- 2.1 At the receiving holding area, each shipment should be unpacked and all items piece counted and matched to the packing list. If a packing list is not available, complete as an example PUR103 Ex1 RECEIVING AND INSPECTION REPORT.
- 2.2 The shipment will then be inspected for conformance according to the inspection level required for each part number (see PUR103 Ex3 INVENTORY INSPECTION LEVELS). If multiple part number classes are included in the shipment, each class will be segregated and inspected accordingly.
- 2.3 Any previously undiscovered damage to individual inventory items should be noted on the inspection report and immediately followed up with the vendor.

3.0 REJECTION, DISCREPANCIES AND DISPOSITION

- 3.1 Any count discrepancies will be noted on the packing list or as an example PUR103 Ex2 RECEIVING AND INSPECTION REPORT, signed and forwarded to Purchasing. Purchasing will then follow-up with the vendor to resolve the shipping discrepancy.
- 3.2 If there is a non-conformance discrepancy, the suspect goods will be red-tagged and separated (quarantined) from other parts and immediately placed in a separate holding area for disposition.
- 3.3 If only partial goods in the shipment are of non-conformance, the accepted goods should be noted on the paperwork and stocked or placed in use per above procedure.
- 3.4 Complete as an example PUR103 Ex2 RECEIVING AND INSPECTION REPORT for any rejected parts. Accounting will review and authorize all rejections and complete Part II of the report.
- 3.5 Goods found to be in conformance or suitable for their intended use and accepted by Accounting will have the red tag removed and be returned to the receiving area or location the product is needed for use. Accounting will note on the report the justification for any accepted parts and forward the report along with the packing list to the Purchase Manager.

Goods rejected by Accounting will continue to be quarantined and red tagged until disposed. Purchasing will determine and arrange for the appropriate disposition of rejected items (i.e., return to vendor for credit, scrap, etc.).
- 3.6 Unidentified shipments should be resolved by the Purchase Manager. Contact the Chief Financial Officer to resolve any suspicious looking packages.

Revision History:

Revision n	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Changes to responsibilities	Oswaldo Diaz, CFO

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PUR103 Ex2 RECEIVING AND INSPECTION REPORT

PART I RECEIVING

Date: _____

Vendor/Supplier/Subcontractor: _____

P.O. Or Contract No.: _____

Item No.	Description	INSPECTION Criteria	QUANTITIES					
			Ordered	Received	Inspected	Accepted	Rejected	

Received By: _____

PART II INSPECTION

Inspected By: _____

Sample Lot

Conformance/Discrepancies to Specifications

		YES	NO		YES	NO
Lot Size: _____	Shipping Damage	<input type="checkbox"/>	<input type="checkbox"/>	Functional	<input type="checkbox"/>	<input type="checkbox"/>
Sample Qty: _____	Markings/Finish	<input type="checkbox"/>	<input type="checkbox"/>	Dimensions	<input type="checkbox"/>	<input type="checkbox"/>
	Attributes	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>	<input type="checkbox"/>

Accepted: _____ Date: _____ Rejected: _____ Date: _____

Place in Stock

Cause for Rejection: _____

Forward to Next Operation

PART III REJECTED PARTS DISPOSITION

Return to Vendor

Conditional Acceptance Approvals

Signature _____

Signature _____

Remarks: _____

Further comments may be noted on back of report or additional sheets if necessary.

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PUR103 Ex3 INVENTORY INSPECTION LEVELS

The following are generic descriptions of the type of inspections that should be performed for various classes of inventory items. These descriptions are not completely comprehensive for all the possible types of inventory that can be received and therefore, the inspector should use appropriate judgment to determine any special inspection procedures that may be necessary for unique items.

The inspection levels are intended to be cumulative in that higher level inspections will also include all lower level inspection procedures.

The percentage of the total parts inspected will be according to the part number specifications. For example, an inspection level indication of "Level II, 25" would require that 25% of the parts received in the shipment will be examined at a Level II inspection.

If defects or rejected items are discovered within a shipment and less than a 100% inspection has been performed, the receiving inspector will consult with the Quality Control Manager to determine the appropriate action for assurance of the remainder of the shipment.

- Level I: Visual inspection of the shipment or lot. Items appear reasonably to match packing list description(s). Nothing comes to the attention of the inspector as noticeable defects or as unusual and unordinary.
- Level II: Actual hands-on visual inspection of individual parts. Each part inspected will be analyzed for the quality of workmanship and construction and the appearance of any defects.
- Level III: A functional test of the part will be performed as appropriate for the item. For example, pneumatic parts should indicate function when attached to compressed air source; moving parts should rotate, slide etc.; electrical components should operate, light, etc.
- Level IV: The part will be inspected against a set performance or measurement standard as indicated in the part file. For example, structural items will be measured for compliance to drawings within specified tolerances; electrical and mechanical devices will function according to specified performance standards.

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SOP # PUR104 Revision: 3
Effective Date: 6/6/16

Prepared by: Central Office
Approved by: BOD

Title: PUR104 ACCOUNTS PAYABLE AND CASH DISBURSEMENTS

Policy: Internal controls are required to ensure that only valid and authorized payables are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments. All accounts payable and cash disbursements will have documented pre-approval, and the authorization limits are stated in the below Responsibilities section.

Purpose: To explain the practices for documenting, recording and issuing payments for accounts payable transactions. (Note: Payments, disbursements, and expenditures result from accounts payable transactions)

Scope: This procedure applies to all purchases including, contractors, consultants, and merchandise and non-merchandise purchases.

Responsibilities:

The Principal at each school site is responsible for reviewing and approving payments under \$5,000 in CoolSIS, in accordance with the approved budget.

The Chief Financial Officer is responsible for reviewing and approving payments up to \$10,000 in accordance with the approved budget. The Chief Executive Officer may assign the Chief Academic Officer, the Chief of Staff, the Chief External Officer or Regional Directors the authority to approve expenditures up to \$10,000.

The Chief Executive Officer is responsible for reviewing and approving payments over \$10,000 in accordance with the board approved budget, as well as up to \$10,000 for non-budgeted items.

EdTec is responsible for payment of invoices in a timely manner.

Background: Properly recording liabilities is generally a three-step process, particularly, for merchandise purchases.

The first step is recording the liability upon receipt of merchandise, using the purchase order estimates or other documentation as a guideline. For accuracy and timeliness of data, a liability should be recorded as soon as the Organization receives the purchased items.

Consultant projects are not recognized as a liability until the invoicing from the consultant is received unless and accrual has been recorded to recognize the total estimated cost of the consultant's services.

By necessity, this initial recording is usually an estimate or encumbrance and can be finalized when the actual invoice arrives. This is why a Purchase Order is so important for merchandise purchases. It documents the Organization's understanding of how much each item will cost, per the vendor's terms. This includes estimates for freight and any other charges.

The second step takes place when the vendor's invoice is received. At this point the actual liability is finalized, with any necessary adjustments to the item costs, freight, or other charges.

The third step involves the preparation, issuance of payment for the goods received, and subsequent filing of all paperwork for easy retrieval.

Procedure Overview:

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

Checks are processed throughout the week.

Requests for cash disbursements are submitted to Accounting through CoolSIS.

Documentation for CoolSIS requests can be in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All invoices must be approved by the appropriate staff prior to being submitted to accounts payable. Accounts payable will determine the account code for each invoice.

Approvals for reimbursement requests must be obtained prior to the purchase. The Organization is not obligated to reimburse requests where prior approval was not obtained; however this decision is made at the discretion of the Chief Financial Officer.

Every employee reimbursement or purchase request must be documented in CoolSIS. Please see PUR106 Reimbursements for more details.

Requests for payment are reviewed in CoolSIS by the Principal, Controller, or Chief Financial Officer dependent on purchase amount. The appropriate personnel:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the School Site Accountant for processing

EdTec processes all payments and:

1. Immediately enters them into the Accounts Payable module unless it is paid upon receipt on the same day
2. Prints checks according to allocation and payment date provided by the authorizing party
3. Submits checks, with attached backup documentation, to Chief Financial Officer for approval and signature.
4. Stamps invoice “paid”
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Monitors accounts payable throughout the month

Procedure:

1.0 DOCUMENTING ACCOUNTS PAYABLE

1.1 The following documents will be forwarded to EdTec accounts payable as a pdf batch for temporary filing and subsequent matching to form an accounts payable voucher package:

- Purchase Order from CoolSIS
- Vendor invoice
- Vendor/Consultant contract

1.2 Once EdTec has received all of the above documents, the following steps will be performed to ensure proper authorization, validity of purchase, receipt of purchased items or services and accuracy of amounts.

- The purchase order should be evaluated for proper authorization and the nature of the purchase and pricing as shown on the invoice reviewed for validity.

- The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports if items have been received. Any discrepancies must be followed-up and resolved prior to commencing with the disbursement process.
- Calculations on the invoice will be recomputed such as quantities received multiplied by unit price and totals.
- Purchases of items and service contracts shall not be made in small quantities (split bidding) for the purpose of circumventing the authorized approval limits assigned by the Board of Directors, or to avoid public bidding based on the policies and procedures.

2.0 RECORDING NON-MERCHANDISE PAYABLES

- 2.1 Non-merchandise expenditures like utilities, rent, insurance, taxes, repairs, professional fees, etc., are generally not recorded through the purchase order routine. However, there may be other documentation, like contracts, requisitions, and other agreements. These should be filed in the applicable vendor file as documentary support. Upon receipt of the invoice, the charges should be entered into the payable system and coded to the appropriate expense account.
- 2.2 Generally, once invoices (both merchandise and non-merchandise) have been entered, they can be filed in the respective vendor files, ordered by date. To guard against misfiling an un-entered invoice, consider stamping "entered" on each invoice when it's recorded in accounts payable. It is also helpful to note the entered date and initial the entry.

3.0 PAYMENT OF ACCOUNTS PAYABLE

- 3.1 Accounts payable systems generally provide an aged accounts payable report and list the open payables within the accounting system. Open payables are reviewed by the School Site Accountant. The School Site Accountant should select the bills to be paid based on the funds available and a projection of cash flow or receipts over the coming week. Once complete, process the disbursements by either printing the check, electronic online bill pay, wire transfer, or ACH withdrawal for the selected bills to be paid.

Note: Accounts payable should normally be paid within seven days or sooner of their payment term unless otherwise determined by the Chief Financial Officer.

- 3.2 Any vendor credits which are amounts owed to the Organization should be applied to amounts currently owed to the vendor when determining payment. These are normally received in the form of a credit memo or adjusting invoice. These should be entered into the system like any other invoice and applied to the next payment being made. There is no reason to “age” a credit memo.
- 3.3 Pull all Invoices to be paid from the files and match them with the printed checks, wire transfer, electronic online bill pay, or ACH withdrawal documentation. Present the materials to the Chief Financial Officer for review and signing.

- 3.4 Immediately ensure that all printed checks, wire transfer, electronic online bill pay, or ACH withdrawal documentation are signed and approved and correctly recorded in the accounting system. Stamp the invoices “paid” to document they've been paid. Use only checks that incorporate a two stub plus check form in order to attach one stub to the paid invoice and the other to the remittance copy of the Invoice.
- 3.5 If one check or electronic online bill pay pays several Invoices then either photocopy the stub or print the electronic online bill pay screen print and attach a copy to each paid Invoice or consider attaching all paid Invoices to the one check stub or the electronic online bill pay document. File all resulting documentation according to check number sequentially in the checks paid binders.
- 3.6 Mail the checks as soon as possible once checks have been posted and "paid" by the system. It is not advisable to "hold" checks for additional days after posting. This practice usually occurs when there are insufficient cash flows. However holding checks increases the difficulty of projecting cash flow, reduces cash balance accuracy, and causes confusion when trying to reconcile accounts payable vendor balances. None of these balances will be accurate if printed checks are held back from mailing. If cash flow is insufficient to mail the checks, then it is advisable not to post and print checks in the first place.

4.0 MANUAL CHECKS

- 4.1 The Organization does not permit the use of manual checks.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	2/13/15	Revision of Purchase limits	Oswaldo Diaz, CFO
2	11/12/15	Inclusion of back-office service provider process	Oswaldo Diaz, CFO
3	6/6/16	Policy revision	Oswaldo Diaz, CFO

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SOP # PUR105 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: PUR105 PREPAID EXPENSES

Policy: It is the policy of MERF to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, prepaids are only accounted for at the end of the fiscal year and the amount that is considered to be prepaid remains at the discretion of the Chief Financial Officer.

Purpose: To ensure the proper payment and accounting of expenses that have a future benefit allocated over time.

Scope: Any transaction that is currently paid that has a value that can be amortized over a future time period.

Responsibilities:

The Chief Financial Officer is responsible for reviewing and authorizing prepaid expenses.

The Finance Department with the support of EdTec is responsible for processing prepaid payments and amortizing the prepaid cost of the expected future life of the prepaid asset.

Background: Prepaid expenses are very common and allow the Organization to on occasion take advantage of pre-paying for certain expenses and thus recovering discounts or ensuring that a certain expense is fully paid.

Procedure:

1.0 ACCOUNTING TREATMENT

1.1 Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statements date shall be classified as non-current assets.

2.0 PROCEDURES

2.1 As part of the account coding process performed during the processing of accounts payable at the end of the fiscal year, all incoming vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The Finance Department shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This

schedule shall be reconciled to the general ledger balance as part of the monthly closeout process.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Revision of responsibilities	Oswaldo Diaz, CFO

SOP # PUR106 Revision: 2
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: PUR106 REIMBURSEMENTS

Policy: Internal controls are required to ensure that only valid and authorized reimbursements are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments.

Purpose: To explain the practices for documenting, recording and issuing payments for reimbursement transactions.

Scope: This procedure applies to all reimbursements.

Responsibilities:

The Principal at each school site is responsible for reviewing and approving payments under \$5,000 in Coolsis, in accordance with the approved budget.

The Chief Financial Officer is responsible for reviewing and approving payments up to \$10,000 in accordance with the approved budget. The Chief Executive Officer may assign the Chief Academic Officer, the Chief of Staff, the Chief External Officer or Regional Directors the authority to approve expenditures up to \$10,000.

The Chief Executive Officer is responsible for reviewing and approving payments over \$10,000 in accordance with the board approved budget, as well as up to \$10,000 for non-budgeted items.

EdTec accounts payable is responsible for payment of reimbursements in a timely manner. A timely manner is defined as within three weeks of submission.

Background: Properly recording reimbursements is generally a three-step process.

The first step is accurately submitting reimbursement receipts along with a reimbursement authorization form.

The second step is obtaining the appropriate authorization.

The third step involves the preparation, issuance of reimbursement payment in a timely manner, and subsequent filing of all paperwork for easy retrieval.

Procedure Overview:

Reimbursements are generally made for:

1. Travel and conferences
2. Mileage

3. Meals
4. School/classroom supplies
5. Allowable academic expenses
6. Student awards
7. Other expenses

Reimbursement checks are processed on three week cycle or sooner.

Requests for cash disbursements are submitted to Accounting through CoolSIS. Documentation for CoolSIS requests can be in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All reimbursement requests must be approved by the appropriate staff prior to being submitted to accounts payable. Accounts payable will determine the account code for each invoice.

Every employee reimbursement or purchase request must be documented in CoolSIS with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Travel and Conferences - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose. This includes itemized receipts for parking, tolls and bridges, car rentals, taxis, and conference receipts. (See G&A103, Travel and Entertainment policy for more detailed information.)

Car Rentals – When possible, advance approvals are recommended. The employee is required to make their own car rental arrangements. Vehicle selection will be based upon the most cost-effective class that satisfies requirements for the employee(s) and any demonstration equipment.

Supplemental auto insurance coverage offered by car rental agencies must be purchased and will be reimbursed.

Mileage/Personal Vehicles - An employee required to use their own automobile for business will be reimbursed in accordance with the current IRS mileage reimbursement rate. The employee must provide on the expense report, documentation including dates, miles traveled and purpose of each trip.

The Organization assumes no responsibility for personal automobiles used for business. Further, any parking or speeding violation is the sole responsibility of the employee.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose. Entertainment expenses are disallowed.

Meal and Entertainment tips are limited to 15% (unless automatically assessed by the eating establishment) of the pre-tax meal total cost and any tip that is in excess of the pre-tax meal total cost will not be reimbursed. For example, a meal that costs \$10 may have an 8% sales tax bringing the total meal price before tip to \$10.80. Figure the tip on the \$10 amount at 15% or \$1.50 and that amount of tip or less is reimbursable. If you tipped more than a \$1.50, that difference is not reimbursable. You are always allowed to tip less than 15% should you choose to do so.

School/Classroom Supplies, Allowable Academic Expenses, and Student Awards – these expenditures are subject to the approval of the Principal. Gifts of any kind are never allowed. Student awards may only be paid from non-ADA and unrestricted sources. In other words, student awards may be paid from unrestricted fundraising or from other unrestricted sources of income, subject to approval of the Principal and/or Central Office.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

Non-Reimbursable Expenses - Some expenses are not considered valid business expenses by the Organization, yet may be incurred for the convenience of the traveling individual. Since these are not expenses for the business then they are not reimbursable. (The following can be used as a guide of expenses, which are not reimbursable)

Examples include:

- Airline or travel trip interruption insurance
- Airline or travel lounge clubs
- Shoe shine or Dry-cleaning (except for extended travel beyond 5 days)
- Movies or personal entertainment
- Books, magazines or newspapers
- Theft or loss of personal property
- Doctor bills, prescriptions, or other medical services

- Parking tickets, traffic tickets or Car towing if illegally parked
- Health club memberships
- Baby sitter or Pet care fees
- Barbers and Hairdressers

Requests for reimbursement payments are reviewed in CoolSIS by the Principal, Chief Financial Officer, or Chief Executive Officer, dependent on purchase amount. The appropriate personnel:

1. Verifies and matches expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the School Site Accountant for processing

Accounts Payable processes all payments and:

1. Immediately enters them into the Accounts Payable module, unless paid upon receipt on the same day
2. Prints checks according to allocation and payment date provided by the approving party
3. Submits checks, with attached backup documentation, to Chief Financial Officer for approval and signature
4. Stamps invoice “paid”
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Monitors accounts payable throughout the month

Procedure:

1.0 DOCUMENTING REIMBURSEMENTS

All business reimbursement expenditures incurred by employees of the Organization are reimbursed through CoolSIS. Reimbursement receipts must be submitted monthly and any receipt that is older than 60 days will not be reimbursed at the discretion of the Chief Financial Officer.

Expense report forms must be filled out completely. Required original receipts for items charged must accompany all reimbursement documentation as well as uploaded into CoolSIS. Any questions regarding completion of the report should be directed to the employee's supervisor or the accounting department.

Upon completion, the expense report along with all attachments should be submitted to the employee's appropriate supervisor in CoolSIS for approval. After approval, the expense report is submitted to the accounting department for processing and reimbursement. In order to expedite reimbursement, the employee should ensure that the report is completed properly, required documentation is attached, proper authorization is obtained, and any unusual items properly explained and documented.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	2/13/15	Amount limit changes. Mileage reimbursement rate.	Oswaldo Diaz, CFO
2	11/12/15	Inclusion of back office service provider and amount limit changes.	Oswaldo Diaz, CFO

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SOP # PUR107 Revision: 2
Effective Date: 6/06/16

Prepared by: Central Office
Approved by: BOD

Title: PUR107 BIDDING REQUIREMENTS

Policy: To ensure the establishment of bidding requirements relating to multi-year service contracts, and to maintain the internal controls of the selection process.

Purpose: To provide the methods for determining a bidding process, documentation requirements, and award of contracts.

Scope: This procedure applies to all vendors of services.

Responsibilities:

Purchasing Agent or School Principal is responsible for providing a summary and justification related to the potential proposal.

Selection Committee is responsible for the review and recommendation of all contracts over \$25,000.

Chief Executive Officer and/or Chief Financial Officer is/are responsible for the examination of the bidding and selection process of all contracts above \$25,000.

Board of Directors are responsible for the approval of all bidding contracts above \$25,000.

Procedure:

1.0 BIDDING REQUIREMENTS AND PROCESS

1.1 New service contracts in excess of \$25,000 shall be formally bid in accordance with the following:

- Request for Proposals (RFP): RFP requirements should include contract purpose, background, description of service, general information, time requirements, proposal requirements, and evaluation process.
- Public Notice: RFP will be posted in the Organization's website.
- Prospective Vendors: Selection Committee shall maintain a list of prospective vendors for the various categories of products and services purchased by the organization. All schools or departments should refer prospective vendors to the purchasing department for inclusion in the bidder file.
- Pending Bid File: A file shall be maintained by the selection committee of all invitations to bid currently pending.
- Evaluation: Evaluation of services and vendors will be in accordance with the RFP specifications and policy PUR101 vendor selection.

- Bidder Files: Bidder files shall be maintained retaining the bids, bid comparison sheets, other submittals, and rationale in award. These bids shall be made available for the public upon request for a period of ninety (90) days after which time they will be archived for two (2) years.
- Bidding of contracts shall not be made in small quantities (split bidding) for the purpose of circumventing the authorized approval limits assigned by the Board of Directors, or to avoid public bidding based on the policies and procedures.

Vendor Selection Requirements			
	Less than \$5,000	Between \$5,000 and \$25,000	Greater than \$25,000
Bid process required?	No	Quotes or estimates	RFP
Acceptable forms of price comparison	N/A	Email, published catalogs, written	Written only
Minimum number of bids required	0	3	3
Submit bid documentation to the Procurement Office?	No	Yes	Yes

2.0 NONCOMPETITIVE NEGOTIATIONS

2.1 Noncompetitive negotiations may be used for procurements in excess of \$25,000 when bidding or competitive negotiations are not feasible. MPS may purchase goods and services through non-competitive negotiations when it is determined in writing by the Chief Executive Officer that competitive negotiation or bidding is not feasible and that:

- An emergency exists which will cause public harm as a result of the delay caused by following competitive purchasing procedures, or
- The product or service can be obtained only from one source, or
- The contract is for the purchase of perishable items purchased on a weekly or more frequent basis, or
- Only one satisfactory proposal is received through RFP, or
- The charter authorizer has authorized the particular type of noncompetitive negotiation.

3.0 STANDARDS OF CONDUCT

The following Standards of Conduct shall govern the performance, behavior and actions of MPS including, employees, officers, directors, volunteers and agents, who are engaged in any aspect of procurement, including – but not limited to – purchasing goods and services; awarding contracts and grants; or the administration and supervision of contracts.

As representatives of MPS, all employees, officers, directors, volunteers and agents are expected to conduct themselves in a professional and ethical manner, maintaining high standards of integrity and the use of good judgment. Employees are expected to be principled in their business interactions and act in good faith with individuals both inside and outside MPS.

3.1 Conflict of Interest

- No employee, officer, director, volunteer or agent of the MPS shall participate in the selection, award or administration of a bid or contract supported by federal funds if a conflict of interest is real or apparent to a reasonable person.
- Conflicts of interest may arise when any employee, officer, director, volunteer or agent of the MPS has a financial, family or any other beneficial interest in the vendor firm selected or considered for an award.
- No employee, officer, director, volunteer or agent of the MPS shall do business with, award contracts to, or show favoritism toward a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of Federal, State and local procurement laws and policies established to maximize free and open competition among qualified vendors.
- MPS's employees, officers, directors, volunteers or agents shall neither solicit nor accept gratuities, gifts, consulting fees, trips, favors or anything having a monetary value in excess of twenty-five dollars (\$25) from a vendor, potential vendor, or from the family or employees of a vendor, potential vendor or bidder; or from any party to a sub-agreement or ancillary contract.

4.0 ACCEPTANCE OF GRATUITIES

MPS's employees, officers, directors, volunteers or agents shall neither solicit nor accept gratuities, gifts, consulting fees, trips, favors or anything having a monetary value from a vendor, potential vendor, or from the family or employees of a vendor, potential vendor or bidder; or from any party to a sub-agreement or ancillary contract.

5.0 DISCIPLINARY ACTIONS

Any MPS member, employee or designated agent of MPS who knowingly and deliberately violates the provisions of this code will be open to civil suit without the legal protection of MPS. Furthermore, such a violation of these procurement standards is grounds for dismissal by MPS as an employee, officer, director, volunteer or agent; or other such sanctions as available under the law.

Any contractor or potential contractor who knowingly and deliberately violates the provisions of these procurement standards will be barred from future transactions with MPS.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/16/15	Initial Release	Oswaldo Diaz, CFO
1	3/10/16	Policy Revision	Oswaldo Diaz, CFO
2	6/06/16	Policy Revision	Oswaldo Diaz, CFO

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Cover Sheet

Approval of Address Change in Bylaws

Section: II. Consent Agenda
Item: E. Approval of Address Change in Bylaws
Purpose: Vote
Submitted by:
Related Material: II E Revised Bylaws.pdf



Board Agenda Item #	II E
Date:	August 11, 2016
To:	MPS Board of Directors
From:	Umit Yapanel, Chairman
Staff Lead:	Caprice Young, Ed.D., CEO & Superintendent
RE:	Change of Address in Bylaws

Proposed Board Recommendation

I move that the principal office of the corporation be amended in Article II Section 1 of the bylaws from 13950 Milton Avenue, Suite 200, Westminster, CA 92683 to 250 East 1st Street, Suite 1500, Los Angeles, CA 90012 due to our change of address.

Background

The motion is a routine technical item officially changing the bylaws to match the previous board decision to move the headquarters from Orange County to Los Angeles County. Staff has already provided appropriate address change information to the authorities.

Budget Impact

There is no budget impact.

Name of Staff Originator

Caprice Young, Ed.D., CEO & Superintendent

Attachments

MERF Bylaws

AMENDED AND RESTATED BYLAWS
OF
MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

**ARTICLE I
NAME**

Section 1. **NAME.** The name of this corporation is Magnolia Educational & Research Foundation.

**ARTICLE II
PRINCIPAL OFFICE OF THE CORPORATION**

Section 1. **PRINCIPAL OFFICE OF THE CORPORATION.** The principal office for the transaction of the activities and affairs of this corporation is 13950 Milton Avenue, Suite 200B, Westminster, 92683 California. The Board of Directors may change the location of the principal office. Any such change of location must be noted by the Secretary on these bylaws opposite this Section; alternatively, this Section may be amended to state the new location.

Section 2. **OTHER OFFICES OF THE CORPORATION.** The Board of Directors may at any time establish branch or subordinate offices at any place or places where this corporation is qualified to conduct its activities.

**ARTICLE III
GENERAL AND SPECIFIC PURPOSES; LIMITATIONS**

Section 1. **GENERAL AND SPECIFIC PURPOSES.** The purposes of this corporation are to provide community support in educational and research areas, which include, but are not limited to the following: managing, operating, guiding, directing and promoting public charter schools; conducting scientific research at K-12 schools and colleges to identify and implement successful education practices; promoting and discovering the research modules in scientific areas with applied and practicable methods to promote prospective scientists; coordinating international conferences/competitions in various fields of academic study. Also in the context of these purposes, the Corporation shall not, except to an insubstantial degree, engage in any other activities or exercise of power that do not further the purposes of the Corporation.

The Corporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code; or (b) a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

**ARTICLE IV
CONSTRUCTION AND DEFINITIONS**

Section 1. **CONSTRUCTION AND DEFINITIONS.** Unless the context indicates otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, and the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

**ARTICLE V
DEDICATION OF ASSETS**

Section 1. **DEDICATION OF ASSETS.** This corporation's assets are irrevocably dedicated to public benefit purposes. No part of the net earnings, properties, or assets of the corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any director or officer of the corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts, liabilities and all charter obligations of the corporation shall be distributed to a nonprofit fund, foundation, or corporation that is organized and operated exclusively for the public and/or charitable purposes of managing, operating, guiding, directing, promoting, and/or supporting one or more California public charter schools that serve students in grades K-12 and that has established its exempt status under Internal Revenue Code section 501(c)(3).

**ARTICLE VI
CORPORATIONS WITHOUT MEMBERS**

Section 1. **CORPORATIONS WITHOUT MEMBERS.** This corporation shall have no voting members within the meaning of the Nonprofit Corporation Law.

**ARTICLE VII
BOARD OF DIRECTORS**

Section 1. **GENERAL POWERS.** Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors ("Board"). The Board may delegate the management of the corporation's activities to any person(s), management company or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. **SPECIFIC POWERS.** Without prejudice to the general powers set forth in Section 1 of these bylaws, but subject to the same limitations, the Board of Directors shall have the power to:

- a. Appoint and remove, at the pleasure of the Board of Directors, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the articles of incorporation, and these bylaws; fix their compensation; and require from them security for faithful service.
- b. Change the principal office or the principal business office in California from one location to another; cause the corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; conduct its activities in or outside California; and designate a place in California for holding any meeting of members.
- c. Borrow money and incur indebtedness on the corporation's behalf and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- d. Adopt and use a corporate seal; prescribe the forms of membership certificates; and alter the forms of the seal and certificates.

Section 3. **DESIGNATED DIRECTORS.** The number of directors shall be no less than three (3) and no more than eleven (11), unless changed by amendments to these bylaws. The exact number of directors shall be fixed within these limits by a Resolution of the Board. All directors shall be designated by the existing Board of Directors. All directors are to be designated at the corporation's annual meeting of the Board of Directors.

The Board of Directors commits to designating at least one (1) director who resides in each county where this corporation operates a charter school. The Board of Directors shall strive to recruit directors representing parents and the charter school communities, from diverse professional and ethnic backgrounds and commits to designating at least one (1) director representing parents at all times.

Section 4. **RESTRICTION ON EMPLOYEE DIRECTORS.** No current employees of the Corporation may serve on the Board of Directors.

Section 5. **DIRECTORS' TERMS.** Each director shall hold office for five (5) years and until a successor director has been designated and qualified.

Section 6. **NOMINATIONS BY COMMITTEE.** The Chairman of the Board of Directors or, if none, the President will appoint a committee to designate qualified candidates for election to the Board of Directors at least thirty (30) days before the date of any election of directors. The nominating committee shall make its report at least seven (7) days before the date of the election or at such other time as the Board of Directors may set and the Secretary shall forward to each Board member, with the notice of meeting required by these bylaws, a list of all candidates nominated by committee.

Section 7. **USE OF CORPORATE FUNDS TO SUPPORT NOMINEE.** If more people have been nominated for director than can be elected, no corporation funds may be expended to support a nominee.

Section 8. **EVENTS CAUSING VACANCIES ON BOARD.** A vacancy or vacancies on the Board of Directors shall occur in the event of (a) the death, resignation, or removal of any director; (b) the declaration by resolution

of the Board of Directors of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under California Nonprofit Public Benefit Corporation Law, Chapter 2, Article 3; (c) the increase of the authorized number of directors; and (d) the failure of the members, at any meeting of members at which any director or directors are to be elected, to elect the number of directors required to be elected at such meeting.

Section 9. RESIGNATION OF DIRECTORS. Except as provided below, any director may resign by giving written notice to the Chairman of the Board, if any, or to the President, or the Secretary, or to the Board. The resignation shall be effective when the notice is given unless the notice specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective.

Section 10. DIRECTOR MAY NOT RESIGN IF NO DIRECTOR REMAINS. Except on notice to the California Attorney General, no director may resign if the corporation would be left without a duly elected director or directors.

Section 11. REMOVAL OF DIRECTORS. Any director may be removed, with or without cause, by a simple majority of directors then in office at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal questions are given in compliance with the provisions of the Ralph M. Brown Act. (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code). Any vacancy caused by the removal of a director shall be filled as provided in Section 12.

Section 12. VACANCIES FILLED BY BOARD. Vacancies on the Board of Directors may be filled by approval of the Board of Directors or, if the number of directors then in office is less than a quorum, by (a) the unanimous consent of the directors then in office, (b) the affirmative vote of a majority of the directors then in office at a meeting held according to notice or waivers of notice complying with Corporations Code Section 5211, or (c) a sole remaining director.

Section 13. NO VACANCY ON REDUCTION OF NUMBER OF DIRECTORS. Any reduction of the authorized number of directors shall not result in any directors being removed before his or her term of office expires.

Section 14. QUORUM. A majority of the directors then in office shall constitute a quorum. If a quorum is present, the affirmative vote of the majority of the directors at the meeting shall be a decision of the Board of Directors. Should there be fewer than a majority of the directors present at any meeting, the meeting shall be adjourned. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Directors may not vote by proxy. The vote or abstention of each board member present for each action taken shall be publicly reported.

Section 15. COMPENSATION AND REIMBURSEMENT. Directors shall serve without compensation except that they shall be allowed reasonable advancement or reimbursement of actual reasonable expenses incurred in carrying out his or her duties. Directors shall not otherwise be compensated.

Section 16. CREATION AND POWERS OF COMMITTEES. The Board, by resolution adopted by a

majority of the directors then in office, may create one or more committees, each consisting of two or more directors and no one who is not a director, to serve at the pleasure of the Board. Appointments to committees of the Board of Directors shall be by majority vote of the authorized number of directors. The Board of Directors may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board of Directors' resolution, except that no committee may:

- a. Take any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of the members or approval of a majority of all members;
- b. Fill vacancies on the Board of Directors or any committee of the Board;
- c. Amend or repeal bylaws or adopt new bylaws;
- d. Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or subject to repeal;
- e. Create any other committees of the Board of Directors or appoint the members of committees of the Board;
- f. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected; or
- g. Approve any contract or transaction to which the corporation is a party and in which one or more of its directors has a material financial interest.

Section 17. MEETINGS AND ACTION OF COMMITTEES. Meetings and actions of committees of the Board of Directors shall be governed by, held, and taken under the provisions of these bylaws concerning meetings, other Board of Directors' actions, and the Brown Act, except that the time for general meetings of such committees and the calling of special meetings of such committees may be set either by Board of Directors' resolution or, if none, by resolution of the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board of Directors may adopt rules for the governance of any committee as long as the rules are consistent with these bylaws. If the Board of Directors has not adopted rules, the committee may do so.

Section 18. NON-LIABILITY OF DIRECTORS. No director shall be personally liable for the debts, liabilities, or other obligations of this corporation.

Section 19. COMPLIANCE WITH LAWS GOVERNING STUDENT RECORDS. The Charter School and the Board of Directors shall comply with all applicable provisions of the Family Education Rights Privacy Act ("FERPA") as set forth in Title 20 of the United States Code Section 1232g and attendant regulations as they may be amended from time to time.

Section 20. COMPLIANCE WITH CONFLICTS OF INTEREST LAWS. The Corporation shall comply with applicable conflict of interest laws, including the Political Reform Act of 1974 (Chapter 1 (commencing with Section 81000) of Title 9 of the Government Code) and Govt. Code § 1090 et seq.

ARTICLES VIII
MEETINGS

Section 1. **PLACE OF BOARD OF DIRECTORS MEETINGS.** The Board of Directors may designate that a meeting be held at any place within California that has been designated by resolution of the Board of Directors or in the notice of the meeting and which is in compliance with the Ralph M. Brown Act. The Board of Directors commits to rotating the locations of its regular physical meetings among the counties where the corporation's charter school sites are located, and to holding at least one of its regular physical meetings in a calendar year in each of those counties, and that the final date, time, and place will be specified in the notice of the meeting in compliance with the Ralph M. Brown Act.

All meetings of the Board of Directors shall be called, held and conducted in accordance with the terms and provisions of the Ralph M. Brown Act, California Government Code Sections 54950, et seq., as said chapter may be modified by subsequent legislation.

Section 2. **MEETINGS; ANNUAL MEETINGS.** All meetings of the Board of Directors and its committees shall be called, noticed, and held in compliance with the provisions of the Ralph M. Brown Act. ("Brown Act") (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code).

The Board of Directors shall meet annually for the purpose of organization, appointment of officers, and the transaction of such other business as may properly be brought before the meeting. This meeting shall be held at a time, date, and place as may be specified and noticed by resolution of the Board of Directors.

Section 3. **REGULAR MEETINGS.** Regular meetings of the Board of Directors shall be held on the second Thursday of each month, unless the second Thursday of the month should fall on a legal holiday in which event the regular meeting shall be held at the same hour and place on the next business day following the legal holiday. At least 72 hours before a regular meeting, the Board of Directors, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting.

Section 4. **SPECIAL MEETINGS.** Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman of the Board of Directors, if there is such an officer or a majority of the Board of Directors. If a Chairman of the Board has not been elected, then the President is authorized to call a special meeting in place of the Chairman of the Board. The party calling a special meeting shall determine the place, date, and time thereof.

Section 5. **NOTICE OF SPECIAL MEETINGS.** In accordance with the Brown Act, special meetings of the Board of Directors may be held only after twenty-four (24) hours' notice is given to each director and to the public through the posting of an agenda. Pursuant to the Brown Act, the Board of Directors shall adhere to the following notice requirements for special meetings:

- a. Any such notice shall be addressed or delivered to each director at the director's address as it is shown on the records of the Corporation, or as may have been given to the Corporation by the director for purposes of notice, or, if an address is not shown on the Corporation's records or is not readily ascertainable, at the place at which the meetings of the Board of Directors are regularly held.
- b. Notice by mail shall be deemed received at the time a properly addressed written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed received at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.
- c. The notice of special meeting shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation, and the general nature of the business proposed to be transacted at the meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 6. TELECONFERENCE MEETINGS. Members of the Board of Directors may participate in teleconference meetings so long as all of the following requirements in the Brown Act are complied with:

- a. At a minimum, a quorum of the members of the Board of Directors shall participate in the teleconference meeting from locations within the boundaries of a school district in which at least one of the charter schools operated by the corporation operates;
- b. All votes taken during a teleconference meeting shall be by roll call;
- c. If the Board of Directors elects to use teleconferencing, it shall post agendas at all teleconference locations with each teleconference location being identified in the notice and agenda of the meeting;
- d. All locations where a member of the Board of Directors participates in a meeting via teleconference must be fully accessible to members of the public and shall be listed on the agenda;¹
- e. Members of the public must be able to hear what is said during the meeting and shall be provided with an opportunity to address the Board of Directors directly at each teleconference location; and
- f. The agenda shall indicate that members of the public attending a meeting conducted via teleconference need not give their name when entering the conference call.²

Section 7. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any Board of Directors meeting to another time or place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or place shall be given, prior to the time schedule for the continuation of the meeting, to the directors who were not present at the time of the adjournment,

¹ This means that members of the Board of Directors who choose to utilize their homes or offices as teleconference locations must open these locations to the public and accommodate any members of the public who wish to attend the meeting at that location.

² The Brown Act prohibits requiring members of the public to provide their names as a condition of attendance at the meeting.

and to the public in the manner prescribed by any applicable public open meeting law.

ARTICLE IX OFFICERS OF THE CORPORATION

Section 1. **OFFICES HELD.** The officers of this corporation shall be a President, a Secretary, and Chief Financial Officer, who shall be known as the "Treasurer." The corporation, at the Board's direction, may also have a Chairman of the Board, one or more Vice-Presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed under Article X Section 4, of these bylaws.

Section 2. **DUPLICATION OF OFFICE HOLDERS.** Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as either the President or the Chairman of the Board.

Section 3. **ELECTION OF OFFICERS.** The officers of this corporation shall be chosen annually by the Board of Directors and shall serve at the pleasure of the Board.

Section 4. **APPOINTMENT OF OTHER OFFICERS.** The Board of Directors may appoint and authorize the Chairman of the Board, the President, or another officer to appoint any other officers that the corporation may require. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in the bylaws or established by the Board.

Section 5. **REMOVAL OF OFFICERS.** Without prejudice to the rights of any officer under an employment contract, the Board of Directors may remove any officer with or without cause.

Section 6. **RESIGNATION OF OFFICERS.** Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

Section 7. **VACANCIES IN OFFICE.** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these bylaws for normal appointment to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 8. **CHAIRMAN OF THE BOARD.** If a Chairman of the Board of Directors is elected, he or she shall preside at the Board of Directors' meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time. If there is no President, the Chairman of the Board of Directors shall also be the chief executive officer and shall have the powers and duties of the President of the corporation set forth in these bylaws. If a Chairman of the Board of Directors is elected, there shall also be a Vice-Chairman of the Board of Directors. In the absence of the Chairman, the Vice-Chairman shall preside at Board of Directors meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time.

Section 9. PRESIDENT. Subject to such supervisory powers as the Board of Directors may give to the Chairman of the Board, if any, and subject to the control of the Board, the President shall be the general manager of the corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers as fully described in any applicable employment contract, agreement, or job specification. The President shall preside at all Board of Directors' meetings. The President shall have such other powers and duties as the Board of Directors or the bylaws may require.

Section 10. VICE-PRESIDENTS. If the President is absent or disabled, the Vice-Presidents, if any, in order of their rank as fixed by the Board, or, if not ranked, a Vice-President designated by the Board, shall perform all duties of the President. When so acting, a Vice-President shall have all powers of and be subject to all restrictions on the President. The Vice-Presidents shall have such other powers and perform such other duties as the Board of Directors or the bylaws may require.

Section 11. SECRETARY. The Secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the Board of Directors may direct, a book of minutes of all meetings, proceedings, and actions of the Board and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, regular, or special and, if special, how authorized; the notice given; and the names of the directors present at Board of Directors and committee meetings.

The Secretary shall keep or cause to be kept, at the principal California office, a copy of the articles of incorporation and bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board of Directors that these bylaws require to be given. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board of Directors or the bylaws may require.

Section 12. TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The Treasurer shall send or cause to be given to directors such financial statements and reports as are required to be given by law, by these bylaws, or by the Board. The books of account shall be open to inspection by any director at all reasonable times.

The Treasurer shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board of Directors may designate; (b) disburse the corporation's funds as the Board of Directors may order; (c) render to the President, Chairman of the Board, if any, and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the corporation; and (d) have such other powers and perform such other duties as the Board or the bylaws may require.

If required by the Board, the Treasurer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board of Directors for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office.

Section 13. VICE-CHAIRMEN. One Vice-Chairman of the Board of Directors will be assigned to each county in which a charter school operated by the corporation is located.

**ARTICLE X
CONTRACTS WITH DIRECTORS**

Section 1. **CONTRACTS WITH DIRECTORS.** In compliance with Government Code Section 1090 et seq., the corporation shall not enter into a contract or transaction in which a director directly or indirectly has a material financial interest (nor any other corporation, firm, association, or other entity in which one or more of the Corporation's directors are directors and have a material financial interest).

**ARTICLE XI
CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES**

Section 1. **CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES.** The Corporation shall not enter into a contract or transaction in which a non-director designated employee (e.g., officers and other key decision-making employees) directly or indirectly has a material financial interest unless all of the requirements in the Corporation's Conflict of Interest Code have been fulfilled.

Section 2. **AGAINST NEPOTISM.** If a member of an officer's or employee's immediate family is to be hired to work in a position directly subordinate or supervisory to the officer or employee, that fact should be disclosed in advance to the Board of Directors so that a determination can be made whether to permit an exception to the normal prohibition against nepotism.

**ARTICLE XII
LOANS TO DIRECTORS AND OFFICERS**

Section 1. **LOANS TO DIRECTORS AND OFFICERS.** This corporation shall not lend any money or property to or guarantee the obligation of any director or officer without the approval of the California Attorney General; provided, however, that the corporation may advance money to a director or officer of the corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that director or officer would be entitled to reimbursement for such expenses of the corporation.

**ARTICLE XIII
INDEMNIFICATION**

Section 1. **INDEMNIFICATION.** To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the corporation by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board of Directors by any person seeking indemnification under Corporations Code Section 5238 (b) or Section 5238 (c) the Board of Directors shall promptly decide under Corporations Code Section 5238

(e) whether the applicable standard of conduct set forth in Corporations Code Section 5238 (b) or Section 5238 (c) has been met and, if so, the Board of Directors shall authorize indemnification.

ARTICLE XIV INSURANCE

Section 1. **INSURANCE.** This corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its directors, officers, employees, and other agents, to cover any liability asserted against or incurred by any director, officer, employee, or agent in such capacity or arising from the director's, officer's, employee's, or agent's status as such.

ARTICLE XV MAINTENANCE OF CORPORATE RECORDS

- Section 1. **MAINTENANCE OF CORPORATE RECORDS.** This corporation shall keep:
- a. Adequate and correct books and records of account;
 - b. Written minutes of the proceedings of the Board and committees of the Board; and
 - c. Such reports and records as required by law.

ARTICLE XVI INSPECTION RIGHTS

Section 1. **DIRECTORS' RIGHT TO INSPECT.** Every director shall have the right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary as permitted by California and federal law. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law (e.g., restrictions on the release of educational records under FERPA) pertaining to access to books, records, and documents.

Section 2. **ACCOUNTING RECORDS AND MINUTES.** On written demand on the corporation, any director may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the Board of Directors and committees of the Board of Directors at any reasonable time for a purpose reasonably related to the director's interest as a director. Any such inspection and copying may be made in person or by the director's agent or attorney. This right of inspection extends to the records of any subsidiary of the corporation.

Section 3. **MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS.** This corporation shall keep at its principal California office the original or a copy of the articles of incorporation and bylaws, as amended to the current date, which shall be open to inspection by the directors at all reasonable times during office hours. If the corporation has no business office in California, the Secretary shall, on the written request of any director, furnish to that director a copy of the articles of incorporation and bylaws, as amended to the current date.

ARTICLE XVII
REQUIRED REPORTS

Section 1. **ANNUAL REPORTS.** The Board of Directors shall cause an annual report to be sent to itself (the members of the Board of Directors) within 120 days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail:

- a. The assets and liabilities, including the trust funds, or the corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities, including trust funds;
- c. The corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- d. The corporation's expenses or disbursement for both general and restricted purposes;
- e. Any information required under these bylaws; and
- f. An independent accountant's report or, if none, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

Section 2. **ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS.** As part of the annual report to all directors, or as a separate document if no annual report is issued, the corporation shall, within 120 days after the end of the corporation's fiscal year, annually prepare and mail or deliver to each director and furnish to each director a statement of any transaction or indemnification of the following kind:

- a. Any transaction (i) in which the corporation, or its parent or subsidiary, was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$50,000 or was one of several transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either:
 - (1) Any director or officer of the corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
 - (2) Any holder of more than 10 percent of the voting power of the corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the corporation, the nature of their interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.
- b. The amount and circumstances of any indemnifications aggregating more than \$10,000 paid during the fiscal year to any director or officer of the corporation pursuant to Article XIV of these Bylaws.

ARTICLE XVIII
BYLAW AMENDMENTS

Section 1. **BYLAW AMENDMENTS.** The Board of Directors may adopt, amend or repeal any of these

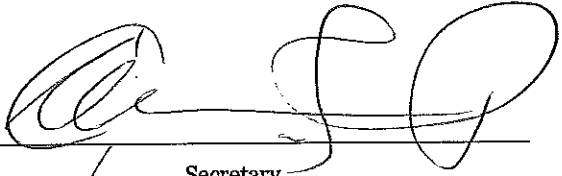
Bylaws by a majority of the directors present at a meeting duly held at which a quorum is present, except that no amendment shall make any provisions of these Bylaws inconsistent with the corporation's Articles of Incorporation, or any laws. The Board of Directors may only amend these Bylaws provisions fixing the authorized number of directors or establishing procedures for the nomination or appointment of directors by unanimous vote of all directors then in office. This section may only be amended by the unanimous vote of the all the directors then in office.

ARTICLE XIX
FISCAL YEAR

Section 1. **FISCAL YEAR OF THE CORPORATION.** The fiscal year of the Corporation shall begin on July 1st and end on June 30th of each year.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation; that these amended and restated bylaws, consisting of **14** pages, are the bylaws of this corporation as adopted by the Board of Directors on **February 16, 2015**; and that these amended and restated bylaws have not been amended or modified since that date.


Secretary
Sakon Sher Khanov
2/17/2015

Cover Sheet

Approval of RFP for 2016-17 Magnolia Science Academy Santa Ana Vended Meals

Section: II. Consent Agenda
Item: F. Approval of RFP for 2016-17 Magnolia Science Academy Santa
Ana Vended Meals
Purpose: Vote
Submitted by:
Related Material: II F RFP for 2016-17 MSA SA Vended Meals.pdf



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	II F
Date:	August 11, 2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D. CEO & Superintendent
Staff Lead:	Kelly Hourigan, Chief Operations Officer
RE:	RFP for meal program at MSA-SA

Proposed Board Recommendation

I move that the board approve the selected vendor, Better4You Meals to provide meal services at Magnolia Science Academy Santa Ana for the 2016-2017 school year.

Background

MPS is committed to providing healthy breakfasts and lunches to its students and meeting all standards and regulations relating to the National School Lunch and Breakfast programs, as well as California health and school rules and regulations.

MPS posted the RFP on our schools website and emailed to vendors to assure a fair bidding process.

The selection of the winning proposal will be based upon the following criteria:

Points	Criteria	Minimum Standard	Evidence/Documents Required to Demonstrate	Total
12	Menu	Submit sample 21-day menu for all meals proposed	Menus will be graded based on appeal, variety and food quality	
12	Service Capability	Vendor must have plan for on-time delivery and program implementation	Detailed action plan included in proposal with meal ordering, back-up plans and procedures	
14	K-12 Experience	A minimum of five years in K-12	Documentation of experience as	_____



MAGNOLIA PUBLIC SCHOOLS

13950 Milton Ave. 200B Westminister, CA 92683

P: (714) 892-5066 F: (714) 362-9588

	in National School Lunch Program	food service management - specifically National School Lunch and Breakfast Program	outlined in company history _____	
30	References	Vendor must provide at least three local customer references	Documentation of all K-12 organizations vendor has had contracts with in the past five years with contact information	
32	Cost			
100				

Contract Period: August 1, 2016 through June 30, 2017, with the option to renew up to four (4) one-year contracts.

Budget Implications: The estimated value of this contract is already included in the schools budget and is aligned with the school lunch funding program.

Name of Staff Originator:

Kelly Hourigan, Chief Operations Officer

Attachments:

- RFP



Magnolia Public Schools
REQUEST FOR PROPOSAL
2016-2017 VENDED MEALS

Magnolia Science Academy – SA (MSA-SA)

DUE DATE: July 27, 2016
4:00pm

250 East 1st Street, Ste. 1500, Los Angeles, CA 90012

Magnolia Science Academy (MSA) participates in the National School Lunch Program (NSLP) and School Breakfast Program (NSBP) for students, and is requesting proposals from qualified food vendors for compliant meals during the 2016-17 school year.

MSA-Santa Ana will be relocating to a brand new campus at **2804 W. 1st Street, Santa Ana, CA 92703**. We are projecting 660 students for the 2016-17 school year in grades Tk-12. Full capacity will be 1,025 students.

Questions due: July 20, 2016
Answers provided: July 22, 2016
SUBMISSION DUE DATE: July 27, 2016 @ 4:00pm

SCOPE OF WORK

MSA is seeking an organization that is familiar with the following programs:

- The National School Lunch Program (NSLP)
- School Breakfast Program (SBP)

The ideal food vendor will have the following qualifications:

- Provide fresh, nutritious, tasty, and visually appealing meals.
- Provide fresh fruit and/or vegetable with every meal.
- Provide lowfat or nonfat milk with each meal.
- Provide appropriate utensils and napkins as needed for the meals.
- Provide consistent quality control.
- Provide nutrition advocacy.
- Provide responsible and responsive account manager.
- Has previous experience working with multiple school sites.
- NSLP compliant meals (all meals must be eligible for state and federal reimbursement).
- NSLP menu recordkeeping and planning necessary to receive reimbursements.
- Be familiar with State and Federal regulations pertaining to operations in a school setting.
- Comply with all state, county and city health and sanitation requirements. MSA reserves the right to inspect Vendor's facilities at any time during the contract period.
- Has valid certifications and insurance documents.

Food qualifications:

- Provide fresh vegetable with every lunch and breakfast meal.
- Provide fresh fruit with every breakfast and lunch meal. No canned/frozen fruits.

- No hydrogenated oils.
- No artificial trans fats.
- No more than 30% of calories from total fat, and no more than 10% of calories from saturated fats.
- No deep fried foods.
- No overly processed foods.
- No high fructose corn syrup.
- No artificial preservatives, colors, flavors or sweeteners.
- No MSG.
- Foods with little or no added sugar.
- Meats shall be free of nitrates and nitrites.
- No animal by-products.
- No mechanically separated meats (aka “pink slime”).
- Provide lowfat or nonfat milk with each breakfast, lunch and supper meal. Milk shall be rBST-free.
- No BHA & BHT.
- Whole grains must be offered.
- Provide a daily vegetarian option.
- Use organic and locally produced ingredients whenever possible.

VENDOR RESPONSIBILITIES

The Vendor shall be responsible for the following:

- Provide or assist MSA in obtaining the necessary equipment to hold, heat and serve meals and milk (MSA does not have cooking facilities)
- Provide the necessary utensils and napkins in sufficient quantity for the number of meals ordered.
- Deliver meals to the school at times specified by MSA.
- Condition or care of meals until they are delivered to the school.
- Provide to MSA no later than one (1) week prior to the end of each month, a monthly menu covering the meals to be served for the following month.
- Provide MSA with sack lunches for field trips when requested. All meals for field trips must meet the appropriate meal pattern requirements.
- Maintain the proper temperature of the breakfast, lunch, snack and supper components until they are delivered.

- Maintain all necessary records on the nutritional components and quantities of the meals served at MSA and make said records available for inspection by State and Federal authorities upon request.

SCHOOL RESPONSIBILITIES

MSA will be responsible for the following:

- Weekly ordering of the number of meals needed for each day of the following week.
- Condition and care of meals once accepted upon delivery.
- Service of meals to students.
- Maintenance of the premises, equipment and facilities where meals will be served, and will adhere to the highest standards of cleanliness and sanitary practices to ensure compliance with state and local health and sanitation requirements related to the food service program.
- Payment of invoices to the vendor using net 30 terms.
 - No payment will be made for meals that are spoiled or unwholesome at time of service, do not meet the specifications, or do not otherwise meet the requirement of the agreement. However, no deduction will be made unless MSA provides written notification of the meal service for which the deduction is to be made, specifying the number of meals for which we intend to deduct payment and setting forth the reasons for the deduction. MSA will provide such notice no later than three (3) business days after the date the meal was served.

PROPOSAL SPECIFICATIONS

Contract Period:

The contract period will be August 1, 2016 through June 30, 2017, with the option to renew up to four (4) one-year contracts.

Proposals must include:

- Description of services including but not limited to the following:
 - Menu development rationale
 - Placing orders
 - Equipment needed (no current equipment)
 - Nutrition advocacy
 - Duration and extent of experience in the operation of school meal services
 - Additional services
- Cost per meal (breakfast and lunch)
- Sample 21-day cycle menu for breakfast and lunch, including nutritional information showing compliance with federal and state meal program requirements.
- A copy of current health certifications for the food service facility in which it prepares meals for the NSLP.
- Proof of liability insurance and proposed indemnity language
- Materials/supplies provided
- 3 professional references from schools currently operating the National School Lunch Program

Please include the following certifications:

- Certificate of Independent Price Determination
- Certification Regarding Debarment, Suspension, and Ineligibility
- Certification Regarding Lobbying
- Disclosure of Lobbying Activities

BID CRITERIA

Points	Criteria	Minimum Standard	Evidence/Documents Required to Demonstrate	Total
12	Menu	Submit sample 21-day menu for all meals proposed	Menus will be graded based on appeal, variety and food quality	
12	Service Capability	Vendor must have plan for on-time delivery and program implementation	Detailed action plan included in proposal with meal ordering, back-up plans and procedures	
14	K-12 Experience in National School Lunch Program	A minimum of five years in K-12 food service management -specifically National School Lunch and Breakfast Program	Documentation of experience as outlined in company history	
30	References	Vendor must provide at least three local customer references	Documentation of all K-12 organizations vendor has had contracts with in the past five years with contact information	
32	Cost			
100				

MSA reserves the right to reject all proposals.

Interested vendors must submit 2 copies of their response to this Request for Proposal via mail or in person no later than **July 27, 2016 by 4:00pm**. Late proposals will not be considered under any circumstances.

Via Mail or in Person:

250 East 1st Street, Ste. 1500, Los Angeles, CA 90012

Vendors are requested to submit any questions regarding the RFP in writing to Emily Chatelain, echatelain@sfwgroup.org no later than July 20, 2016 by end of day. Once proposals are reviewed, food vendors may be contacted for a follow up interview and/or oral presentation.

Via Email:

Vendors are requested to submit an electronic copy to eracar@magnoliapublicschools.org **AFTER** the 4:00pm deadline.

Submittals must be valid for 90 days following the submission deadline.

School Information

School Name and Address	# Students Enrolled by Grade	% F/R Students	Estimated # Serving Days	Meal Times
Magnolia Science Academy 2804 W. 1 st Street, Santa Ana, CA 92703	K-5: 325 6-8: 200 9-12: 125	50%	180	B: 7:45am L: 11:40-1:00pm

Daily Average Meal Participation

	Breakfast	Lunch
K-5	230	230
6-8	140	140
9-12	90	90

Total Annual Meals/Fee Proposal

Meal Type	Annual	Fee per Meal	Annual Cost
Breakfast	82,800	\$	\$
Lunch	82,800	\$	\$

Fixed Price Per Meal Shall Include:

- Utensils
- Preparation and delivery
- Milk (2 types)
- Labor for meal preparation and delivery
- Equipment needed to hold and serve meals properly

Vended Meals Contract

for the National School Lunch and/or School Breakfast Program(s)

This Agreement ("Agreement") is entered into by and between _____ herein after referred to as the School Food Authority (SFA), and _____, herein after referred to as the Vendor. The effective date of this Agreement is _____.

This Agreement sets forth the terms and conditions upon which the SFA retains the Vendor to provide meals for the SFA's nonprofit and a la carte food service program, in accordance with the Scope of Work as shown in Exhibit _____. Furthermore, this Agreement sets forth the terms and conditions upon which the SFA will purchase meals from the Vendor and the Vendor will provide meals for the SFA's nonprofit food service program. The SFA and Vendor agree to abide by the rules and regulations governing the Child Nutrition Programs, in accordance with federal regulations including policy and instructions issued by the United States Department of Agriculture (USDA). The applicable regulations are 7 CFR 210 (National School Lunch Program), 7 CFR 215 (Special Milk Program), 7 CFR 220 (School Breakfast Program), 7 CFR 245 (Determining Eligibility for Free and Reduced Price Meals and Free Milk), 7 CFR 250 (Food Distribution Program), 7 CFR 225 (Summer Food Service Program for Children), and 7 CFR 3052 (Audit Requirements).

Schedule *List days of the week and times meals are required for delivery or pick up.*

SFA Contact Information		Vendor Contact Information	
Contact Person <i>First & Last Name</i>	Phone <i>Area Code/No.</i>	Contact Person <i>First & Last Name</i>	Phone <i>Area Code/No.</i>
Email Address	Fax <i>Area Code/No.</i>	Email Address	Fax <i>Area Code/No.</i>
Address <i>Street, City, State, Zip</i>		Address <i>Street, City, State, Zip</i>	

The fixed price per meal listed below is agreed upon by both parties as if no USDA Foods are used:

Breakfast	Adult Meal	Carton of Milk
Price Per Meal <input type="checkbox"/> Includes Milk <input type="checkbox"/> <i>Will Not Include Milk</i>	Price Per Meal <input type="checkbox"/> Includes Milk <input type="checkbox"/> <i>Will Not Include Milk</i>	Price Per Carton
Lunch		
Price Per Meal <input type="checkbox"/> Includes Milk <input type="checkbox"/> <i>Will Not Include Milk</i>		

A. Agreement Period

The initial agreement period shall be 8/1/2016 to 6/30/2017. Both parties agree to enter into this Agreement for one-year period with the option to renew the Agreement for up to four (4) additional one-year periods by mutual agreement of the SFA and Vendor. Renewal shall be based on customer satisfaction with products, service, and price.

Annual Escalator Clause; changes in the per-meal price may be considered by the SFA only at the time of renewal. Any proposed per-meal price changes must be accompanied by documentation supporting such increase. The SFA reserves the right to accept or reject any proposed price changes, in the best interest of the SFA. If the proposed per-meal price changes are accepted, they shall become effective on the first day of the contract renewal period.

Conditions for an annual escalator clause; the fixed per-meal price may be subject to an annual escalator as stipulated in this Agreement. Adjustment factors may include changes in third-party price indices from the Consumer Price Index (CPI); U.S. Bureau of Labor Statistics, Division of Consumer Prices and Price Indexes, PSB Suite 3130, 2 Massachusetts Avenue, NE Washington, DC 20212-0001; website at <http://www.bls.gov/cpi>. SFA will consider the lesser of the following two options either—
1) the average CPI (Food Away From Home) for the previous year or 2) three percent (3%).

B. The Vendor Agrees to

1. Invoice SFA for unitized meals in accordance with the number of meals requested.
2. Provide the SFA, for approval, a proposed cycle menu for the operational period, at least **10** operating days prior to the beginning of the period to which the menu applies. Any changes to the menu made after SFA approval must be approved by the SFA, and documented on the menu records. Meals must be planned, prepared, and served (if applicable) to meet the USDA meal pattern requirements and nutritional standards as outlined in Attachment C, Minimum Food Specifications.
3. Maintain full and accurate records that document:
 - a. the menus were provided to the SFA during the term of this Agreement,
 - b. a listing of all components of each meal,
 - c. an itemization of the quantities of each component used to prepare said meal, and
 - d. providing the SFA with daily production/transport sheets indicating how menu items contribute to meal pattern requirements and supporting documentation for contribution.

The Vendor agrees to provide meal preparation documentation by using yield factors for each food item as listed in the *USDA Food Buying Guide* or child nutrition labels or manufacturers' product information statement when calculating and recording the quantity of food prepared for each meal.

4. Maintain cost records such as invoices, receipts, and/or other documentation that exhibit the purchase or otherwise availability to the Vendor of the meal components and quantities itemized in the meal preparation records.
5. Maintain, on a daily basis, an accurate count of the number of meals, by meal type, prepared for and **delivered to** the SFA. Meal count documentation must include the number of meals requested by the SFA.
6. Allow the SFA to increase or decrease the number of meal orders, as needed, when the request is made within **24 hours** of the scheduled delivery time.
7. Present to the SFA an invoice accompanied by reports which itemizes the previous month's meals **delivered to** the SFA no later than the **10th** day of each month. The Vendor agrees to forfeit payment for meals which are not ready within one (1) hour of the agreed upon time for meals to be **delivered to** the SFA, are spoiled, or unwholesome at the time of **delivery to** the SFA, or do not otherwise meet the meal requirements contained in this Agreement. The Vendor shall pay the SFA the full amount of any meal overclaims which are attributable to the Vendor's negligence, including those overclaims based on reviews or audit findings that occurred during the effective dates of original and renewal of the awarded contracts. In cases of nonperformance or noncompliance on the part of the Vendor, the Vendor shall pay the SFA for any excess costs the SFA incurs by obtaining meals from another source.
8. Provide the SFA with a copy of all permits and licenses required by California law for the food service facility in which it prepares meals for the National School Lunch Program/School Breakfast Program (NSLP/SBP). The Vendor shall ensure that all health and sanitation requirements of the California Retail Food Code are met at all times.

9. Operate in accordance with current NSLP/SBP regulations. The Vendor agrees to comply with all other USDA regulations regarding food service vendors including those specified for commercial food service if applicable.
10. Not subcontract for the total meal, with or without milk, or for the assembly of the meal.
11. Be paid by the SFA for all meals **delivered to** the SFA in accordance with this Agreement and NSLP/SBP meal pattern requirements. Neither the California Department of Education (CDE) nor USDA will assume any liability for payment of differences between the number of meals prepared by Vendor for Error! Reference source not found.**delivery to** the SFA and the number of meals served by the SFA that are not eligible for reimbursement.
12. Make substitutions in the food components of the meal pattern for students with disabilities when the disability is certified by a signed statement from a licensed physician. For nondisabled students who are unable to consume regular meals because of medical or other special dietary need substitutions shall be made on a case-by-case basis when supported by a signed statement from a medical doctor or recognized medical authority, or in the case of a request for a milk substitution, by a medical authority or a parent. There will be no additional charge to the student for such substitutions.
13. Provide access, with or without notice, to all of the Vendor's facilities for purposes of inspection and audit.

C. The SFA Agrees to:

1. Request by email no later than **3 days** an accurate number of meals to be delivered the SFA each day. Notify the Vendor of necessary increases/decreases in the number of meals ordered within **24** hours of the scheduled delivery time. Errors in meal orders shall be the responsibility of the SFA making the error.
2. Ensure that a SFA representative is available at each site, at the specified time on each specified day to receive, inspect, and sign for the requested number of meals. This individual will verify the temperature, quality, and quantity of each meal delivered to the SFA. The SFA assures the Vendor that this individual will be trained and knowledgeable in the recordkeeping and meal requirements of the NSLP/SBP, and with local health and safety codes. Provide personnel to serve meals, clean the serving and eating areas, and assemble transport carts and auxiliary items for pick up by the Vendor (if applicable) no later than **each day**.
3. Notify the Vendor within **5** days of receipt of the next month's proposed cycle menu of any changes, additions, or deletions.
4. Provide the Vendor with information on how to access or a copy of the federal NSLP/SBP meal pattern requirements, the USDA Food Buying Guide; and all other technical assistance materials pertaining to the food service requirements of the NSLP/SBP. The SFA will, within 24 hours of receipt from CDE, advise the Vendor of any changes in the food service requirements.
5. Pay the Vendor by the **30th** day of each month the full amount as presented on the monthly itemized invoice. Notify the Vendor within 48 hours of receipt of any discrepancy in the invoice. Pay the Vendor for all meals **delivered to** SFA in accordance with the agreement. Neither CDE nor USDA assumes any liability for payment of the difference between the number of meals prepared, delivered, and the number of meals served by the SFA that are ineligible for reimbursement.
6. Retain control of the quality, extent, and general nature of the food service operation; and establish all program and non-program meal and a la carte prices.
7. Be responsible for loss or damage to equipment owned by the Vendor while in the possession of the SFA.
8. Submit a signed copy of the annual renewal amendment to the CDE prior to approval of the SFA online contract for participation in NSLP.

D. USDA FOODS

If SFA desires to participate in the USDA Foods Program and the Vendor agrees to use USDA Foods in accordance with federal and state regulations, then both the SFA and Vendor will need to sign the "Addendum to the Vended Meals Agreement for Participation in USDA Foods Program" Attachment H.

E. Termination

1. **Mutual Agreement Termination:** With mutual agreement of both parties to this Agreement, upon receipt and acceptance not less than sixty (60) days of written notice, this Agreement may be terminated on an agreed upon date before the end of the agreement period without penalty to either party.

2. **Non-Performance of Agreement and Termination:**
 - a. Except as may be otherwise provided by this Agreement, this Agreement may be terminated in whole or in part by either party in the event of failure by the other party to fulfill its obligations under this Agreement through no fault of the terminating party.
 - b. The SFA may terminate this Agreement immediately upon written notice to Vendor if the Vendor becomes the subject of a proceeding under state or federal law for the relief of debtors or if an assignment is made for the benefit of creditors, or if Vendor loses its license or other ability to provide the required products and services, or if Vendor takes any action that violates any applicable laws (including, but not limited to, state and federal law governing the NSLP/SBP).
 - c. Any agreement termination resulting from any cause other than a Force Majeure event or termination for nonappropriations will be deemed valid reason for not considering any future proposal or bid from the defaulting Vendor.
3. **Termination for Convenience:** The SFA may terminate this agreement prior to the expiration of the term, without cause and without penalty, upon sixty (60) days written notice to the Vendor.
4. **Final Payments:** Upon any termination of this Agreement, the SFA will pay for all meals received up to the effective date of termination. The Vendor shall submit all required reports and other information.

F. Standard Terms and Conditions

1. **Terms and Conditions:** Vendor must be fully acquainted with terms and conditions relating to the performance of this Agreement. Failure or omission of Vendor to be familiar with existing conditions shall in no way relieve the Vendor of obligation with respect to this agreement.
2. **Not Debarred, Suspended, Proposed for Debarment, Declared Ineligible, or Voluntarily Excluded:** Vendor certifies that neither the company nor any of its principals has been debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or <https://www.epls.gov/> agency. Vendor should consult Executive Orders 12549 and 12689. For additional information, Vendor should check <https://www.epls.gov/>, a public service site by General Services Administration (GSA) for the purpose of efficiently and conveniently disseminating information on parties that are excluded from receiving federal contracts, certain subcontracts, and certain federal financial and nonfinancial assistance and benefit. The Suspension and Debarment Certification, Attachment E, must be signed by an authorized person and attached to this Agreement.
3. **State and Federally Required Contractual Provisions:** Vendor must have obtained, and will continue to maintain during the entire term of this Agreement, all permits, approvals or licenses necessary for lawful performance of its obligations under this Agreement. In addition, Vendor is responsible to abide by all applicable federal and state laws and policies of CDE and state and local boards of education, as applicable, when providing services under this Agreement.
4. **Equal Employment Opportunity:** Vendor shall comply with E.O. 11246, Equal Employment Opportunity, as amended by E.O. 11375, Amending Executive Order 11246 Relating to Equal Employment Opportunity, and as supplemented by regulations at 41 CFR Part 60, Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.
5. **Labor and Civil Rights Laws:** Vendor shall comply with applicable federal, state, and local laws and regulations pertaining to wages, hours, and conditions of employment. In connection with Vendor's performance of work under this Agreement, Vendor agrees not to discriminate against any employee(s) or applicant(s) for employment because of sex, age, race, color, religion, creed, sexual orientation, gender identity, national origin, or disability. Vendor shall also comply with applicable Civil Rights laws as amended including but not limited to Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; Title 7 CFR parts 15, 15a, and 15b; the Americans with Disabilities Act; and FNS Instruction 113-6, Civil Rights Compliance and Enforcement in School Nutrition Programs.
6. **Clean Air Act and Energy Policy and Conservation Act:** Vendor shall comply with Section 306 of the Clean Air Act (42 USC 1857(h)), Section 508 of the Clean Water Act (33 USC 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15), as applicable, as well as the Energy Policy and Conservation Act, Pub. L. 94-163, 89 Stat. 871, and any related state energy laws, as applicable. Vendor shall report all violations to the SFA and to the relevant federal or state agency as appropriate.
7. **Breach of this Agreement and Remedies:** If Vendor fails to comply with any of the terms and conditions of this Agreement; the SFA has the option to send Vendor a ten (10) business day Notice to Cure the defect or

breach. During the ten-day Notice to Cure, the parties may meet and confer to discuss the resolution of the defect or breach.

If there is not a satisfactory resolution at the end of the ten-day Notice to Cure, the SFA has the option to immediately cancel all or any part of the order. Such cancellation shall not be deemed a waiver by SFA of any rights or remedies for any breach by Vendor. SFA expressly reserves all rights and remedies provided by statute or common law in the event of such breach. Without limiting the foregoing, the SFA may, at its option, require Vendor to repair or replace, at Vendor's expense, any products or goods, which caused the breach.

The remedies of the SFA is cumulative, and additional to any/or other further remedies provided by law. No waiver of any breach shall constitute a waiver of any other breach.

8. **Indemnify and Hold Harmless:** Vendor shall indemnify, defend, and hold harmless the SFA, its directors, officers, employees, and agents from and against and all liability, damages, losses and expenses (including reasonable attorneys' fees and costs) which arise out of Vendor's negligence, breach or other performance of the Agreement, or violation of any law or right of a third party, or that of Vendors' employees, subcontractors, or agents. Vendor will comply with all laws relating to intellectual property, will not infringe on any third party's intellectual property rights, and will indemnify, defend, and hold harmless the SFA and its directors, officers, employees, and agents from and against any claims for infringement of any copyrights, patents, or other infringements of intellectual property rights related to its activities under this Agreement.
 - a. Vendor agrees to notify the SFA by certified mail return receipt request, or by overnight courier immediately upon knowledge of any claim, suit, action, or proceedings.
 - b. Such indemnification obligations shall not be construed to negate, abridge, or otherwise reduce any other right or obligations to indemnify, which would otherwise exist as to any party or person.
9. **Force Majeure:** Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.
10. **Waiver:** No claims or rights arising out of a breach of this Agreement can be discharged in whole or part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing and signed by the aggrieved party.
11. **Taxes:** The SFA has tax-exempt status.
12. **Buy American:** Vendor will comply with the Buy American requirement, which dictates that SFAs participating in the federal school meal programs are required to purchase domestic commodities and products for SFA meals to the maximum extent practicable. Domestic commodity or product means an agricultural commodity that is produced in the U.S. and a food product that is processed in the U.S. substantially (at least 51 percent) using agricultural commodities that are produced in the U.S. (7CFR210.21, 220.16).
13. **Food Laws:** Vendor shall operate in accordance with all applicable laws, ordinances, regulations and rules of federal, state, and local authorities, including but not necessarily restricted to a Hazard Analysis and Critical Control Point (HACCP) plan. SFA may inspect Vendor's facilities and vehicles.
14. **Food Recall:** Vendor shall comply with all federal, state, and local mandates regarding the identification and recall of foods from the commercial and consumer marketplace. Vendor shall have a process in place to effectively respond to a food recall; the process must include accurate and timely communications to the SFA and assurance that unsafe products are identified and removed from SFA sites in an expedient, effective, and efficient manner. Vendor shall maintain all paperwork required for immediate and proper notification of recalls for full and split cases.
15. **Biosecurity:** Vendor must have a written policy regarding biosecurity and the food supply, in accordance with the Bioterrorism Act 2002 under the U.S. Department of Health and Human Services, Food and Drug Administration and under the USDA, Food Safety and Inspection Service.
16. **Lobbying Certification:** The Vendor must sign the Lobbying Certification, Attachment F, which was attached as an addendum to this Agreement and which is incorporated and made a part of this Agreement. If applicable, the Vendor has also completed and submitted Standard Form-LLL, Disclosure of Lobbying Activities (Attachment G), or will complete and submit as required in accordance with its instructions included in Attachment G.

17. **Independent Price Determination Certification:** The Vendor must sign Independent Price Determination Certificate, Attachment D, which was attached as an addendum to the Agreement and which is incorporated herein by reference and made a part of this Agreement.
18. The Vendor shall comply with all other pertinent state and federal laws.
19. **Records:** Vendor and SFA shall retain all required records for a period of three (3) years after SFA makes final payment and all other pending matters are closed included any ongoing audits or the end of the fiscal year to which they pertain, whichever is greater. Upon request, make all accounts and records pertaining to the Agreement available to the certified public accountant hired by the SFA, representatives CDE, USDA, and the Office of Inspector General (OIG) for audits or administrative reviews at a reasonable time and place. Surrender to the SFA, upon termination of the Agreement, all records pertaining to the operation of the food service, to include all production records, product invoices, claim documentation, financial reports, and procurement documentation. The records shall be in appropriate order, complete, and legible.
20. **Duty to Protect:** Vendors shall perform a criminal background check on any of the Vendors employees that will be working at the SFA and disclose results to the SFA.
21. **Insurance:** Vendors shall maintain the insurance coverage set forth below for each accident provided by insurance companies authorized to do business in California. A Certificate of Insurance of the Vendor's insurance coverage indicating these amounts must be submitted at the time of the award. Complete the information below based on the Vendor's Certificate of Insurance:
 - a. Comprehensive General Liability—includes coverage for:
 - 1) Premises—Operations
 - 2) Products—Completed Operations
 - 3) Contractual Insurance
 - 4) Broad Form Property Damage
 - 5) Independent Contractors
 - 6) Personal Injury—1,000,000 Combined Single Limit
 - b. Automobile Liability—1,000,000 Combined Single Unit
 - c. Workers' Compensation-Statutory; Employer's Liability—1,000,000
 - d. Excess Umbrella Liability—2,000,000 Combined Single Unit
 - e. The SFA shall be named as additional insured on General Liability, Automobile, and Excess Umbrella. The Vendor must provide a waiver of subrogation in favor of the SFA for General Liability, Automobile, Workers' Compensation, and Excess Umbrella.
 - f. The insurance company insuring the Vendor shall provide for notice to the SFA of cancellation of insurance policies 30 days before such cancellation is to take effect.

G. General Assurances

1. **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of the parties.
2. **Sole Agreement.** This Agreement constitutes the sole agreement of the parties and supersedes all oral negotiations and prior writings with respect to the subject matter hereof.
3. **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service, or confirmed facsimile, 48 hours after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth below, or as subsequently modified by written notice.
4. **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (1) such provision shall be excluded from this Agreement, (2) the balance of the Agreement shall be interpreted as if such provision were so excluded and (3) the balance of the Agreement shall be enforceable in accordance with its terms.
5. **Advice of Counsel.** Each party acknowledges that, in executing this Agreement, such party has had the opportunity to seek the advice of independent legal counsel, and has read and understood all of the terms and provisions of this Agreement. CDE is not a party to any contractual relationship between a SFA and a Vendor. CDE is not obligated, liable, or responsible for any action or inaction taken by a SFA or Vendor based

on this Agreement template. CDE's review of the Agreement is limited to assuring compliance with federal and state procurement requirements. CDE does not review or judge the fairness, advisability, efficiency, or fiscal implications of the Agreement.

SCHOOL FOOD AUTHORITY / VENDOR SIGNATURES	
Name of School Food Authority's Authorized Representative	Title
Signature of School Food Authority's Authorized Representative ➤	Date Signed <i>Mo./Day/Yr.</i>
Name of Vendor's Authorized Representative	Title
Signature of Vendor's Authorized Representative ➤	Date Signed <i>Mo./Day/Yr.</i>

Cover Sheet

Approval of RFP for 2016-17 Magnolia Science Academy Santa Ana for iMacs Lease

Section: II. Consent Agenda
Item: G. Approval of RFP for 2016-17 Magnolia Science Academy Santa
Ana for iMacs Lease
Purpose: Vote
Submitted by:
Related Material: II G MSA SA iMacs Item.pdf



Board Agenda Item #	II G
Date:	08.11.2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D. CEO & Superintendent
Staff Lead:	Kelly Hourigan, Chief Operations Officer
RE:	Approval of RFP for MSA-Santa Ana iMacs lease Recommendations: <ul style="list-style-type: none"> • Vendor – Apple Financial Services • Total – \$55,746.04

Proposed Board Recommendation

I move that the board awards the winning bid according to vendor evaluation matrix and adopt the lease of the Apple iMacs for Magnolia Science Academy-Santa Ana operating within the approved budgeted amounts. Should there be a similar need for any other Magnolia Public Schools, the approved vendor, machine model, and price will be used between dates July 1st, 2016 – June 30th, 2017.

Background

The Apple iMacs is a need for the daily classroom teaching needs. We will be replacing current MSA Santa Ana old computers as they're fulfilled their four-year lifespan. The choice of iMacs for teachers was requested by school leadership team due to its performance and look.

We released RFP on August 3rd, 2016 and received lease quote from Apple Financial Services only.

It was evaluated it according to following factors.

Factor	Weight
Cost of products and services (required, highest weight)	40%
Functionality/completeness/specifications of proposed solution	30%
Vendor: qualifications, credentials, certifications, experience, references	20%
Contract terms and conditions	10%
Total	100.00%



Budget Implications

The purchase of MSA Santa Ana Interactive Display is budgeted.

Name of Staff Originator: Rasul Monoshev



REQUEST FOR PROPOSALS FOR iMacs LEASE

(Due Date – August 8th, 2016)

PURPOSE

The Magnolia Public Schools(MPS) is accepting proposals for lease of iMacs for Magnolia Science Academy(MSA)-Santa Ana’s classroom teaching. *Should there be a need for any other MPS schools listed below between dates July 1st, 2016 – June 30th, 2017, the approved vendor, the iMacs model, and the lease price will be used for procurement:*

MSA-1	18238 Sherman Way, Reseda, CA 91335
MSA-2	17125 Victory Blvd., Van Nuys, CA 91406
MSA-3	1254 East Helmick Street, Carson, CA 90746
MSA-4	11330 West Graham Place, Los Angeles, CA 90064
MSA-5	18230 Kittridge St., Reseda, CA 91335
MSA-6	3754 Dunn Dr., Los Angeles, CA 90034
MSA-7	18355 Roscoe Boulevard, Northridge, CA 91325
MSA-8	6411 Orchard Ave., Bell, CA 90201
MSA-Santa Ana	2840 W. 1st Street, Santa Ana, CA 92703
MSA-Santa Clara	14271 Story Road, San Jose, CA 95127
MSA-San Diego	6365 Lake Atlin Ave., San Diego, CA 92119

GENERAL TERMS AND CONDITIONS FOR RFP PROPOSAL GUIDELINES

1. Each item request and guideline in the RFP must be known and properly addressed in the proposal.
2. All equipment in proposal must conform to specifications provided in the RFP.
3. The Vendor must provide terms of warranty on all products
4. The Vendor shall provide a clear breakdown of equipment and services costs.
5. The Vendor must provide an estimated timeline for product delivery.
6. Proposal must be valid for 60days.

All questions regarding the RFP should be addressed in writing to Rasul Monoshev, IT Director, rmonoshev@magnoliapublicschools.org.



PROPOSAL SUBMISSION

Proposals are to be submitted no later than 5:00 PM PST, Monday, 08/08/2016 with options below:

- Email price quote to imacslease_rfp@magnoliapublicschools.org
- Mail to: Rasul Monoshev, MSA SA iMacs Lease

Magnolia Public Schools, 250 East First St STE1500, Los Angeles, CA 90012

ACCEPTANCE/REJECTION OF PROPOSAL SUBMISSIONS

The Magnolia Public Schools reserves the right to accept or reject any and all proposals or any portion of any and all proposals at their discretion. While price is an important consideration, it will not be the sole determining factor in the selection of a Vendor. Payments will not be made nor orders submitted until after the Magnolia Public Schools Board of Directors has accepted a proposal and awarded it as the winning proposal submission. A contract will exist between the Magnolia Public Schools and the Vendor upon selection of the winning proposer.

COMPENSATION

Payments are on monthly invoice term. The lease payments will not be issued until after both the Vendor and Magnolia Public Schools agree that the project is complete and meets all requirements.

RFP Revisions

The Magnolia Public Schools reserves the right to modify or issue amendments to the RFP at any time. The Magnolia Public Schools also reserves the right to cancel or reissue the RFP at any time. Notices will be posted to <http://magnoliapublicschools.org>. It is the sole responsibility of the proposer to monitor the URL for posting of such information.



RFP EVALUATION

All qualified, responsive proposals will be evaluated using the following factors and weights.

Factor	Weight
Cost of products and services (required, highest weight)	40%
Functionality/completeness/specifications of proposed solution	30%
Vendor: qualifications, credentials, certifications, experience, references	20%
Contract terms and conditions	10%
Total	100.00%

EQUIPMENT & SERVICES SPECIFICATIONS

- **Item 1: iMac 21.5-inch**

Quantity: 50

Description:

- ✓ i
- ✓ 1.6GHz Intel Dual-Core Core i5, Turbo Boost up
- ✓ Intel HD Graphics 6000 8GB 1867MHz LPDDR3 1TB Serial ATA Drive @ 5400 rpm Apple Mouse Apple Keyboard with numeric keypad (English) /
- ✓ Part Number Z0RP0LL/A

- **Item 2: AppleCare Protection Plan for iMac - Auto-enroll**

Quantity: 50

Description:

- ✓ Part Number S3128LL/A

Delivery/Shipping : No dock at this location.

Ship to Address:

Magnolia Science Academy-Santa Ana

2840 W. 1st Street, Santa Ana, CA 92703



Financial Services

23801 Calabasas Road, Suite 101
Calabasas, CA 91302
888.985.1006

July 25, 2016

Brock Atar
Magnolia Educational & Research Foundation and
Magnolia Science Academy – Santa Ana
13950 Milton Avenue, Suite 200
Westminster, CA 92683

Dear Brock Atar:

The AFS Education Finance Program is pleased to assist Magnolia Science Academy – Santa Ana with lease financing for equipment from Apple Inc. We are pleased to have you as a customer and will do our very best to exceed all of your expectations.

Please review the following documentation carefully. The documentation includes the following, all of which should be signed by an individual authorized by your school. The documents should be printed and signed as requested, and returned to us as soon as possible, via overnight delivery:

- Lease Schedule 257 – Print and sign two copies.
- Certificate of Incumbency – Print one copy and complete as requested.
- Master Lease Agreement No. 426 – Print and sign two copies.
- Certificate of Acceptance – Print and sign one copy. Do not insert the date in Paragraph 1. We will contact you to confirm the delivery date and insert that date upon confirmation.
- Notice and Acknowledgement of Assignment – Print and sign three copies.
- Authorization Agreement for Preauthorized Debit Payments - Print one copy, complete, sign and return with a voided check.
- Insurance Request – Print one copy, complete and sign. If you prefer you may contact your agent directly and have the insurance certificates sent directly to me.

Also enclosed is/are invoice(s) for the first payment(s) due under the lease and/or e-Waste fees. Please process for payment and return with the document package.

In order to facilitate the most efficient and timely processing of your equipment order, the following information should also be provided:

- **Purchase Order.** The purchase order should reference: a total cost of \$55,746.04 [\$51,392.00 for equipment, \$200.00 for e-Waste fees (if applicable) and \$4,154.04 for sales tax (if applicable)]; Apple Quote 2203204284; and must include Ship To and Bill To addresses.

The vendor on all purchase order(s) must be:

Apple Inc. c/o Apple Financial Services
23801 Calabasas Road, Suite 101
Calabasas, CA 91302

- **Tax Exemption Certificate - if applicable (Note:** Applicable taxes will be added if exemption certificate is not received)
- **2015 Audited Financial Statements**

Please scan the entire document package (only one copy of each document is necessary) and e-mail to documents@appleleasefinance.com for review, prior to overnighting the documents. Please return the:

- ORIGINAL properly executed documentation
- ORIGINAL purchase order(s)
- Sales tax exemption certificate.

Upon our receipt of all of the above items we will process your order for product allocation and shipment.

Return original documents to:

Apple Financial Services
23801 Calabasas Road, Suite 101
Calabasas, CA 91302

If you have any questions please do not hesitate to contact me at 888.985.1006.

Sincerely,
GREG HUBACH
AFS Education Finance Program
Contracts Administrator



Lease Documentation Checklist

Documents Required Prior to Shipment	Scanned to Apple
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NOTE: Please call Greg Hubach at 888.985.1006 with any questions.

Master Lease Agreement	Lessee Signature, Printed Name/Title, Execution Date & Federal Tax ID No. _____
Schedule	Lessee Signature, Name/Title & Execution Date _____
Incumbency Certificate	The Incumbency section is to be executed by a person other than the signer of the documents. This may be a Board Secretary or any Board Member. _____
Lease Payment Instructions	Identify how Lease is to be invoiced. _____
Insurance Coverage Requirements	Complete name of insurance company and contact information. _____
Purchase Order(s)	Purchase Order(s) must include: _____ Apple Inc. c/o Apple Financial Services 23801 Calabasas Road, Suite 101 Calabasas, CA 91302 as Vendor, Apple product quantity and description with extended price, bill-to and ship-to name/address, PO number, and authorized signature. Additionally, please provide third party vendor contacts (<i>if applicable</i>). Apple will contact third party vendor(s) regarding invoice remittance.
Sales/Use Tax Exemption Certificate	Please provide if applicable. _____ Note: Applicable taxes will be added if exemption certificate is not received.

NOTE: Please provide scanned copies of the above items to documents@appleleasefinance.com.

Documents Required Prior to Funding	Mailed to Apple
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Originals of all the above	Please mail to: _____ Apple Financial Services Attention: Greg Hubach 23801 Calabasas Road, Suite 101 Calabasas, CA 91302
Insurance Certificate	Provide All Risk Personal Property and General Liability Coverage listing Apple Inc. and its assigns as "Loss Payee" and "Additionally Insured". _____
Acceptance Certificate	Lessee Signature, Name/Title & Execution Date. _____
Advance Lease Payment	Invoice attached, if applicable. _____

LESSOR: **APPLE INC.**
23801 Calabasas Road, Suite 101
Calabasas, CA 91302

CO-LESSEES: **MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION**
MAGNOLIA SCIENCE ACADEMY – SANTA ANA
13950 Milton Avenue, Suite 200
Westminster, CA 92683

EQUIPMENT SCHEDULE

EQUIPMENT SCHEDULE: This Schedule to the Master Lease Agreement is by and between Apple Inc., as Lessor, and Magnolia Educational & Research Foundation and Magnolia Science Academy – Santa Ana (each a “Co-Lessee”, and together, the “Lessee” or the “Co-Lessees”), as Lessee. For purposes hereof, each Co-Lessee shall be deemed a Lessee hereunder and under the Lease. All references to “Lessee” shall mean and shall include each Co-Lessee, and all references to “Co-Lessee” shall mean a Lessee. Co-Lessees’ obligations hereunder shall be joint and several, and Lessor may proceed against any Co-Lessee directly and independently of the other Co-Lessee. Subject to the terms of this Agreement, you agree to lease from us the Equipment described in each Schedule when we accept the Schedule at our office in California. **ONCE WE ACCEPT THE SCHEDULE, YOU MAY NOT CANCEL IT DURING THE FULL LEASE TERM.** Each Schedule will incorporate the terms of this Agreement and will constitute a separate Lease. You agree to be bound by all the terms of the Lease. **EQUIPMENT:** Apple personal computers and other equipment. The final Rent amount will be amended, if necessary, as determined by the final Equipment cost, by Lessor using the rate factor stated below. The Equipment configuration will be determined by invoices presented from Apple Inc., which will be described in the Certificate of Acceptance. The Equipment consists of the following:

Part #	Description	Qty	Price	Extended Price
ZORP0LL/A	iMac 21.5-inch with: (065-C362) 1.6GHz Intel Dual-Core Core i5, Turbo Boost up to 2.7GHz; (065-C363) Intel HD Graphics 6000; (065-C364) 8GB 1867MHz LPDDR3; (065-C368) 1TB Serial ATA Drive @ 5400 rpm; (065-C36L) Apple Mouse; (065-C377) Apple Keyboard with numeric keypad (English) / User's Guide (English)	50	\$923.12	\$46,156.00
S3128LL/A	AppleCare Protection Plan for iMac - Auto-enroll	50	\$104.72	\$5,236.00
			TOTAL	\$51,392.00

TRANSACTION TERMS:

RENT:	\$19,733.47 per Year (Includes applicable taxes)	Equipment Cost:	\$51,392.00
PAYABLE:	Yearly in Advance	e-Waste:	\$200.00
ADVANCE RENT:	N/A	Taxes:	\$4,154.04
ADVANCE RENTAL/ DOWNPAYMENT	N/A	TOTAL:	\$55,746.04

EQUIPMENT PURCHASE OPTION at END of LEASE:
 \$1.00 Fair Market Value Other:

LEASE TERM: 36 Months (commencing August 1, 2016)
 EQUIPMENT LOCATION: (IF DIFFERENT FROM LESSEE ADDRESS ABOVE) 102 Baker Street E, Costa Mesa, CA 92626
 LESSEE CONTACT/TELEPHONE: Brock Atar, 714-892-5066, batar@magnoliapublicschools.org

THIS SCHEDULE INCORPORATES ALL OF THE TERMS AND CONDITIONS IN THE MASTER LEASE AGREEMENT BETWEEN LESSOR AND LESSEE IDENTIFIED ABOVE.

IMPORTANT:

READ BEFORE SIGNING. THE TERMS OF THIS SCHEDULE SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. THIS SCHEDULE INCORPORATES THE TERMS OF THE ABOVE IDENTIFIED MASTER LEASE AGREEMENT. TERMS OR ORAL PROMISES WHICH ARE NOT CONTAINED IN THIS WRITTEN SCHEDULE OR THE MASTER LEASE AGREEMENT MAY NOT BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS SCHEDULE ONLY BY ANOTHER WRITTEN AGREEMENT BETWEEN YOU AND US. YOU AGREE TO COMPLY WITH THE TERMS AND CONDITIONS OF THIS SCHEDULE. THIS SCHEDULE IS NOT CANCELABLE. YOU AGREE THAT THE EQUIPMENT WILL BE USED FOR BUSINESS PURPOSES ONLY AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

YOU CERTIFY THAT ALL THE INFORMATION GIVEN IN THIS SCHEDULE AND YOUR APPLICATION WAS CORRECT AND COMPLETE WHEN THIS SCHEDULE WAS SIGNED. THIS SCHEDULE IS NOT BINDING UPON US OR EFFECTIVE UNTIL AND UNLESS WE EXECUTE THIS SCHEDULE. THIS SCHEDULE WILL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. YOU AGREE TO THE JURISDICTION AND VENUE OF FEDERAL AND STATE COURTS IN LOS ANGELES COUNTY, CALIFORNIA.

ACCEPTED BY:
LESSOR: APPLE, INC.
 BY: _____
 TITLE: _____
 DATE: July 25, 2016

PROPOSED BY:
CO-LESSEE: MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
 BY: _____
 TITLE: _____
 DATE: July 25, 2016 FED. TAX ID#: _____

CO-LESSEE: MAGNOLIA SCIENCE ACADEMY – SANTA ANA
 BY: _____
 TITLE: _____
 DATE: July 25, 2016 FED. TAX ID#: _____

INCUMBENCY CERTIFICATE**

Being a knowledgeable and authorized agent of Magnolia Educational & Research Foundation (“Lessee”), I hereby certify to Lessor that the person(s) who executed Lease Agreement 426-257 and all ancillary documents is/are legally authorized to do so on behalf of the Lessee and that the signatures that appear on such documents are original and genuine.

BY: _____ NAME & TITLE (printed) _____

(THE INCUMBENCY CERTIFICATE IS TO BE EXECUTED BY AN AUTHORIZED PERSON DIFFERENT FROM THE SIGNER OF THE LEASE OR RENTAL AGREEMENT, EQUIPMENT SCHEDULE, AND RELATED DOCUMENTS.)**

INCUMBENCY CERTIFICATE**

Being a knowledgeable and authorized agent of Magnolia Science Academy – Santa Ana (“Lessee”), I hereby certify to Lessor that the person(s) who executed Lease Agreement 426-257 and all ancillary documents is/are legally authorized to do so on behalf of the Lessee and that the signatures that appear on such documents are original and genuine.

BY: _____ NAME & TITLE (printed) _____

(THE INCUMBENCY CERTIFICATE IS TO BE EXECUTED BY AN AUTHORIZED PERSON DIFFERENT FROM THE SIGNER OF THE LEASE OR RENTAL AGREEMENT, EQUIPMENT SCHEDULE, AND RELATED DOCUMENTS.)**

LESSOR: APPLE INC.
23801 Calabasas Road, Suite 101
Calabasas, CA 91302

CO-LESSEES: MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
MAGNOLIA SCIENCE ACADEMY – SANTA ANA
13950 Milton Avenue, Suite 200
Westminster, CA 92683

We have written this Agreement in plain language because we want you to understand its terms. Please read your copy of this Agreement carefully and feel free to ask us any questions you may have. The word "Agreement" means this master lease agreement. The word "Schedule" means any lease schedule under this Agreement which has been signed by you and accepted by us. The word "Lease" means this Agreement and a Schedule. The words "you" and "your" mean the Lessee named above. The words "we", "us", and "our" refer to the Lessor named above. Other capitalized terms not otherwise defined in this Agreement are described in the Schedule.

TERMS AND CONDITIONS

1. LEASE. Subject to the terms of this Agreement, you agree to lease from us the Equipment described in each Schedule when we accept the Schedule at our office in California. **ONCE WE ACCEPT THE SCHEDULE, YOU MAY NOT CANCEL IT DURING THE FULL LEASE TERM.** Each Schedule will incorporate the terms of this Agreement and will constitute a separate Lease. You agree to be bound by all the terms of the Lease.

2. DELIVERY AND ACCEPTANCE OF EQUIPMENT. Acceptance of the Equipment occurs upon delivery. When you receive the Equipment, you agree to inspect it and to verify by telephone or in writing such information as we may require. Delivery and installation costs are your responsibility. If you signed a purchase contract for the Equipment, by signing the Schedule you assign your rights, but none of your obligations under it, to us.

3. RENT. You agree to pay us Rent (plus applicable taxes) in the amount and frequency stated on each Schedule. If your Rent payments are due in Advance, your first Rent payment is due on the first day of the month following the date you accept the Equipment under the Schedule. We will advise you as to (a) the due date of each Rent payment, and (b) the address to which you must send your payments. Rent is due whether or not you receive an invoice from us. You will pay us any required Advance Rent or Security Deposit when you sign each Schedule. Security Deposits or Advance Rents may be commingled and do not earn interest. Provided you are not in default, we may apply your Security Deposit to the last Rent payment or to your purchase option or we may refund the Security Deposit to you when the Lease Term expires and the Equipment is returned in accordance with Section 16. If we collect more than one payment as Advance Rent, we may apply such Advance Rent to the last Rent payment. You authorize us to change the Rent by not more than 15% due to changes in the Equipment configuration which may occur prior to our acceptance of the Schedule. Restrictive endorsements on checks you send to us will not reduce your obligations to us. **Unless a proper exemption certificate is provided, applicable sales and use taxes will be added to the Rent. Lessee may prepay its obligations hereunder at any time, without penalty, upon payment of a prepayment amount reasonably determined by Lessor.**

4. UNCONDITIONAL OBLIGATION. YOU AGREE THAT YOU ARE UNCONDITIONALLY OBLIGATED TO PAY ALL RENT AND ANY OTHER AMOUNTS DUE UNDER EACH SCHEDULE FOR THE FULL LEASE TERM EVEN IF THE EQUIPMENT IS DAMAGED OR DESTROYED, IF IT IS DEFECTIVE OR IF YOU HAVE TEMPORARY OR PERMANENT LOSS OF ITS USE. YOU ARE NOT ENTITLED TO REDUCE OR SET-OFF AGAINST RENT OR OTHER AMOUNTS DUE UNDER EACH SCHEDULE FOR ANY REASON WHATSOEVER.

5. DISCLAIMER OF WARRANTIES. THE EQUIPMENT IS BEING LEASED TO YOU IN AS-IS CONDITION. NO INDIVIDUAL IS AUTHORIZED TO CHANGE ANY PROVISION OF THE LEASE. YOU AGREE THAT YOU HAVE SELECTED THE EQUIPMENT BASED UPON YOUR OWN JUDGMENT. YOU HAVE NOT RELIED ON ANY STATEMENTS WE OR OUR EMPLOYEES HAVE MADE. EXCEPT AS PROVIDED IN OUR WRITTEN PRODUCT WARRANTIES, WE HAVE NOT MADE AND DO NOT MAKE ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE EQUIPMENT'S MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SUITABILITY, DESIGN, CONDITION, DURABILITY, OPERATION, QUALITY OF MATERIALS OR WORKMANSHIP, OR COMPLIANCE WITH SPECIFICATIONS OR APPLICABLE LAW. You are aware that we are the Equipment manufacturer and you will contact us for a description of your warranty rights. You agree to settle any dispute you may have regarding performance of the Equipment directly with us and not make any claim against any new owner described in Section 19. You agree to continue to pay such new owner all Rent and other payments even if you have a dispute with us regarding the Equipment.

6. TITLE AND SECURITY INTEREST If the Purchase Option amount stated on the Schedule is \$1.00 (a "Dollar Purchase Option"), you shall have title to the Equipment immediately upon delivery and shall be deemed to be the owner of the Equipment as long as you are not in default under the Lease. In the event of a default, title to the equipment shall revert to us free and clear of any rights or interests you may have in the Equipment. If the Purchase Option amount stated on the Schedule is other than \$1.00 (a "Stated Purchase Option"), the Equipment is and shall remain our sole property during the Lease Term. Unless you are in default under the Lease, you shall have the right to peacefully possess and use the Equipment during the Lease Term. To secure all of your obligations to us under the Lease you hereby grant us a security interest in (a) the Equipment to the extent of your interests in the Equipment, (b) anything attached or added to the Equipment at any time, (c) any money or property from the sale of the Equipment, and (d) any money from an insurance claim if the Equipment is lost or damaged. You agree that the security interest will not be affected if this Agreement or any Schedule is changed in any way. You hereby appoint us (or our agent) as your true lawful attorney-in-fact to affix your signature to UCC financing statements prepared and filed on your behalf by us (or our agent) with the same force and effect as if you had signed such financing statements. If we request, you agree to sign financing statements in order for us to publicly record our security interest. This Agreement or a copy of this Agreement shall be sufficient as a financing statement and may be filed as such.

7. USE, MAINTENANCE AND REPAIR. You will not move the Equipment from the Equipment Location without our advance written consent. You will give us reasonable access to the Equipment Location so that we can check the Equipment's existence, condition and proper maintenance. You will use the Equipment in the manner for which it was intended, as required by all applicable manuals and instructions and keep it eligible for any manufacturer's certification and/or standard, full service maintenance contract. At your own cost and expense, you will keep the Equipment in good repair, condition and working order, ordinary wear and tear excepted. All replacement parts and repairs will become our property. You will not make any permanent alterations to the Equipment.

8. TAXES. You agree that you will pay us, when invoiced, all taxes (including any sales, use and personal property taxes), fines, interest and penalties relating to each Lease and the Equipment (excluding taxes based on our net income). If the Lease includes a Dollar Purchase Option, you agree to file any required personal property tax returns and, if we ask, you will provide us with proof of payment. We do not have to contest any tax assessments. For Leases with a Stated Purchase Option, (a) you will, at our discretion, either (1) reimburse us annually for all personal property taxes which we may be required to pay as the owner of the Equipment, or (2) remit to us each month our estimate of the monthly equivalent of the annual personal property taxes to be assessed, (b) you agree to pay us for the loss of any income tax benefits caused by your actions, and (c) should an increase in the federal corporate income tax rate or a change in the "accelerated cost recovery deductions" allowed by the Internal Revenue Code of 1986, as amended, adversely affect our after-tax earnings or cash flows, you agree that we may increase the Rent and other amounts due under each Lease to offset any such adverse effect.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT (INCLUDING THOSE ON THE REVERSE SIDE) AND ANY SCHEDULES SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. TERMS OR ORAL PROMISES WHICH ARE NOT CONTAINED IN THIS WRITTEN AGREEMENT MAY NOT BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF A LEASE ONLY BY ANOTHER WRITTEN AGREEMENT BETWEEN YOU AND US. YOU AGREE TO COMPLY WITH THE TERMS AND CONDITIONS OF EACH LEASE. EACH LEASE IS NOT CANCELABLE. YOU AGREE THAT THE EQUIPMENT WILL BE USED FOR BUSINESS PURPOSES ONLY AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

YOU CERTIFY THAT ALL THE INFORMATION GIVEN IN THIS AGREEMENT, ANY SCHEDULES AND YOUR APPLICATION WAS CORRECT AND COMPLETE WHEN THIS AGREEMENT WAS SIGNED. THIS AGREEMENT IS NOT BINDING UPON US OR EFFECTIVE UNLESS AND UNTIL WE EXECUTE THIS AGREEMENT. THIS AGREEMENT AND ALL SCHEDULES WILL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. YOU AGREE TO THE JURISDICTION AND VENUE OF FEDERAL AND STATE COURTS IN LOS ANGELES COUNTY, CALIFORNIA.

ACCEPTED BY:
LESSOR: APPLE, INC.

BY: _____
TITLE: _____
DATE: July 25, 2016

PROPOSED BY:
CO-LESSEE: MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

BY: _____
TITLE: _____
DATE: July 25, 2016 FED. TAX ID#: _____

CO-LESSEE: MAGNOLIA SCIENCE ACADEMY – SANTA ANA

BY: _____
TITLE: _____
DATE: July 25, 2016 FED. TAX ID#: _____

9. INDEMNITY. We are not responsible for any injuries, damages, penalties, claims or losses, including legal expenses, incurred by you or any other person caused by the transportation, installation selection, purchase, lease, ownership, possession, modification, maintenance, condition, operation, use, return or disposition of the Equipment. You agree to reimburse us for and defend us against any claims for such losses, damages, penalties, claims, injuries, or expenses. This indemnity continues even after the Lease has expired for acts or omissions which occurred during the Lease Term.

10. IDENTIFICATION. You authorize us to insert or correct missing information on the Lease, including your official name, serial numbers and any other information describing the Equipment. We will send you copies of such changes. You will attach to the Equipment any name plates or stickers we provide you.

11. LOSS OR DAMAGE. You are responsible for any loss of the Equipment from any cause at all, whether or not insured, from the time the Equipment is shipped to you until it is returned to us. If any item of Equipment is lost, stolen or damaged, you will promptly notify us of such event. Then, at our option, you will either (a) repair the Equipment so that it is in good condition and working order, eligible for any manufacturer's certification, or (b) pay us an amount equal to the Net Book Value (as defined in Section 14) of the lost, stolen or damaged Equipment. If you have satisfied your obligations under this Section 11, we will forward to you any insurance proceeds which we receive for lost, damaged, or destroyed Equipment. If you are in default, we will apply any insurance proceeds we receive to reduce your obligations under Section 14 of this Agreement.

12. INSURANCE. You agree to (a) keep the Equipment fully insured against loss, naming us as loss payee, and (b) obtain a general public liability insurance policy covering both personal injury and property damage in amounts not less than we may tell you, naming us as additional insured, until you have met all of your obligations under the Lease. We are under no duty to tell you if your insurance coverage is adequate. The policies shall state that we are to be notified of any proposed cancellation at least 15 days prior to the date set for cancellation. Upon our request, you agree to provide us with certificates or other evidence of insurance acceptable to us. If you do not provide us with evidence of proper insurance within 10 days of our request or we receive notice of policy cancellation, we may (but we are not obligated to) obtain insurance on our interest in the Equipment at your expense. You will pay all insurance premiums and related charges.

13. DEFAULT. You will be in default under this Agreement if any of the following happens: (a) we do not receive any Rent or other payment due hereunder within 10 days after its due date, or (b) you or any of your guarantors become insolvent, are liquidated or dissolved, merge, transfer substantially all stock or assets, stop doing business, or assign rights or property for the benefit of creditors, or (c) a petition is filed by or against you or any of your guarantors under any bankruptcy or insolvency law, or (d) (for individuals) you or any of your guarantors die, or have a guardian appointed, or (e) any representation you have made in this Agreement shall prove to have been false or misleading in any material respect, or (f) you or any of your guarantors break any promise made in this Agreement or any guaranty and do not correct the default within 10 days after we send you written notice of the default, or (g) you default on any other agreement between you and us (or our affiliates).

14. REMEDIES. Upon the occurrence of a default, we may, in our sole discretion, do any or all of the following: (a) provide written notice to you of default; (b) as liquidated damages for loss of a bargain and not as a penalty, declare due and payable, the present value of (i) any and all amounts which may be then due and payable by you to us under the Lease, plus (ii) all Rent payments remaining through the end of the Lease Term, plus (iii) the Purchase Option amount, if stated, or if no fixed Purchase Option amount is given, our reasonable estimate of the fair market value of like equipment as of the end of the Lease Term, all discounted at the higher of 6% or the lowest rate allowed by law (collectively, the "Net Book Value"). We have the right to require you to make the Equipment available to us for repossession during reasonable business hours or we may repossess the Equipment, so long as we do not breach the peace in doing so, or we may use legal process in compliance with applicable law pursuant to court order to have the Equipment repossessed. You will not make any claims against us or the Equipment for trespass, damage or any other reason. If we take possession of the Equipment we may (a) sell or lease the Equipment at public or private sale or lease, and/or (b) exercise such other rights as may be allowed by applicable law. Although you agree that we have no obligation to sell the Equipment, if we do sell the Equipment, we will reduce the Net Book Value by the amounts we receive. You will immediately pay us the remaining Net Book Value. If the Lease includes a Dollar Purchase Option and we receive more than the Net Book Value plus our costs of sale, we will give you the excess. You agree (a) that we only need to give you 10 days advance notice of any sale and no notice of advertising, (b) to pay all of the costs we incur to enforce our rights against you, including attorney's fees, and (c) that we will retain all of our rights against you even if we do not choose to enforce them at the time of your default.

15. YOUR OPTIONS AT END OF LEASE. Provided you are not in default, upon expiration of a Lease with a Dollar Purchase Option, you shall purchase the Equipment at the end of the Lease Term for such amount and we will release any security interest we may have in the Equipment. Provided you are not in default, upon expiration of a Lease with a Stated Purchase Option, you shall have the option to (a) return the Equipment in accordance with Section 16, or (b) on 60 days advance written notice to us, purchase all but not less than all of the Equipment for the Purchase Option amount, if stated, or if no fixed Purchase Option amount is given, our reasonable estimate of the fair market value of like equipment as of the end of the Lease Term. If the Purchase Option is stated as a percentage, the Purchase Option amount shall be the product of such percentage multiplied by the Equipment Cost (as such term is defined in Section 21). If you elect to purchase the Equipment, upon payment of the agreed upon price including all sales taxes and other applicable taxes, we will transfer the Equipment to you **AS IS-WHERE IS, WITHOUT ANY REPRESENTATION OR WARRANTY.** If you fail to exercise the purchase option (a) you will continue to pay Rent until the Equipment is received and accepted by us pursuant to Section 16, and (b) all of the terms of the Lease shall continue to apply.

16. RETURN OF EQUIPMENT. If (a) a default occurs, (b) you do not purchase the Equipment at the end of the Lease Term, or (c) you do not extend the Lease Term, you will immediately return the Equipment to any location(s) and aboard any carrier(s) we may designate in the continental United States. The Equipment must be properly packed for shipment in accordance with the manufacturer's recommendations or specifications, freight prepaid and insured, maintained in accordance with Section 7, and in "Average Saleable Condition." "Average Saleable Condition" means that all of the Equipment is immediately available for use by a third party buyer, user or lessee, other than yourself, without the need for any repair or refurbishment. All Equipment must be free of markings. You will pay us for any missing or defective parts or accessories. You will continue to pay Rent until the Equipment is received and accepted by us.

17. YOUR REPRESENTATIONS. You state for our benefit that as of the date of each Lease (a) you have the lawful power and authority to enter into the Lease, (b) the individuals signing this Agreement and the Schedule have been duly authorized to do so on your behalf, (c) by entering into the Lease you will not violate any law or other agreement to which you are a party, (d) you are not aware of anything that will have a material negative effect on your ability to satisfy your obligations under the Lease, and (e) all financial information you have provided us is true and accurate and provides a good representation of your financial condition.

18. YOUR PROMISES. In addition to the other provisions of this Agreement, you agree that during the term of each Lease (a) you will promptly notify us in writing if you move your principal place of business, if you change the name of your business, or if there is a change in your ownership, (b) you will provide to us such financial information as we may reasonably request from time to time, and (c) you will take any action we reasonably request to protect our rights in the Equipment and to meet your obligations under the Lease.

19. ASSIGNMENT. YOU WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE, SUB-LEASE OR PART WITH POSSESSION OF THE EQUIPMENT, OR FILE OR PERMIT A LIEN TO BE FILED AGAINST THE EQUIPMENT. You will not attach any of the Equipment to any real estate. Upon our reasonable request and at your cost, you will get each person with an interest in the real estate where the Equipment is located to waive any rights they may have in the Equipment. We may, without notifying you, sell, assign, or transfer any Lease and our interests in the Equipment. You agree that if we do so, the new owner (and any subsequent owners) will have the same rights and benefits that we now have, but will not have to perform any of our obligations. You agree that the rights of the new owner will not be subject to any claims, defenses, or set-offs that you may have against us. However, any such assignment, sale, or transfer of the Lease or the Equipment will not relieve us of any obligations we may have to you under the Lease. If you are given notice of a new owner of a Lease, you agree to respond to any requests about the Lease and, if directed by us, to pay the new owner all Rent and other amounts due under the Lease.

20. COLLECTION EXPENSES, OVERDUE PAYMENT, TERMINATION. You agree that we can, but do not have to, take on your behalf any action which you fail to take as required by the Lease, and our expenses will be in addition to of the Rent which you owe us. We may charge you a late charge to cover our collection costs equal to the higher of 10% of any late payment or \$22, but not more than the highest legal rate. To the extent allowed by law, any late payment or non-payment of any past due amount will accrue interest at the lower of 18% per annum or the highest legal rate from the due date until paid. If you so request and we permit the early termination of the Lease, you agree to pay a fee for such privilege.

21. AGREED LEASE RATE FACTOR. You understand that the Equipment may be purchased for cash (the "Equipment Cost") or it may be leased. By signing the Lease, you acknowledge that you have chosen to lease the Equipment from us for the Lease Term and that you have agreed to pay Rent. If the Lease provides for a Dollar Purchase Option, each payment of Rent includes a principal amount based on the Equipment Cost and a lease charge rate. The Equipment Cost is the Rent divided by the Lease Rate Factor. The lease charge portion of the Rent can be determined by applying to the Equipment Cost the rate which will amortize the Equipment Cost down to the Purchase Option amount (which may be a fixed amount or a percentage of the Equipment Cost) by payment of the Rent. The lease charge rate can also be calculated using the Equipment Cost as the present value, the Purchase Option amount as the future value, the Rent as the payment and the Lease Term as the term. The lease charge rate may be higher than the actual annual interest rate because of the amortization of certain costs, expenses and fees incurred by us. **We both intend to comply with all applicable laws. If it is determined that your payments under the Lease result in an interest payment higher than allowed by applicable law, then any excess interest collected will be applied to the repayment of principal and interest will be charged at the highest rate allowed by law. In no event will we charge or receive or will you pay any amounts in excess of the legal amount.**

22. MISCELLANEOUS. The Lease contains our entire agreement and supersedes any conflicting provision of any equipment purchase order or any other agreement. **TIME IS OF THE ESSENCE IN THE LEASE.** If a court finds any provision of this Agreement or any Schedule to be unenforceable, the remaining terms of the Lease shall remain in effect. **EACH LEASE IS A "FINANCE LEASE" AS DEFINED IN ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE.** You authorize us (or our agent) to (a) obtain credit reports, (b) make such other credit inquiries as we may deem necessary, and (c) furnish payment history information to credit reporting agencies. To the extent permitted by law, we may charge you a fee of \$43.25 to cover our documentation and investigation costs.

23. NOTICES. All of your written notices to us must be sent by certified mail or recognized overnight delivery service, postage prepaid, to us at our address stated in this Agreement, or by facsimile transmission to our facsimile telephone number, with oral confirmation of receipt. All of our notices to you may be sent first class mail, postage prepaid, to your address stated in this Agreement. At any time after this Agreement is signed, you or we may change an address or facsimile telephone number by giving notice to the other of the change.

24. WAIVERS. WE AND YOU EACH AGREE TO WAIVE AND TO TAKE ALL REQUIRED STEPS TO WAIVE ALL RIGHTS TO A JURY TRIAL. To the extent you are permitted by applicable law, you waive all rights and remedies conferred upon a lessee by Article 2A (Sections 508-522) of the Uniform Commercial Code including but not limited to your rights to: (a) cancel or repudiate this Agreement; (b) reject or revoke acceptance of the Equipment; (c) recover damages from us for any breach of warranty or for any other reason; and (d) grant a security interest in any Equipment in your possession. To the extent you are permitted by applicable law, you waive any rights you now or later may have under any statute or otherwise which require us to sell or otherwise use any Equipment to reduce our damages, which require us to provide you with notice of default, intent to accelerate amounts becoming due or acceleration of amounts becoming due, or which may otherwise limit or modify any of our rights or remedies. **ANY ACTION YOU TAKE AGAINST US FOR ANY DEFAULT, INCLUDING BREACH OF WARRANTY OR INDEMNITY, MUST BE STARTED WITHIN ONE (1) YEAR AFTER THE EVENT WHICH CAUSED IT.** We will not be liable for specific performance of any Lease or for any losses, damages, delay or failure to deliver Equipment.

Lessee's Initials



AFS Education Finance

LESSOR: APPLE INC.
 23801 Calabasas Road, Suite 101
 Calabasas, CA 91302

CO-LESSEES: MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
MAGNOLIA SCIENCE ACADEMY – SANTA ANA
 13950 Milton Avenue, Suite 200
 Westminster, CA 92683

LEASED EQUIPMENT		
PART #	EQUIPMENT MODEL & DESCRIPTION	QTY
Z0RP0LL/A	iMac 21.5-inch with: (065-C362) 1.6GHz Intel Dual-Core Core i5, Turbo Boost up to 2.7GHz; (065-C363) Intel HD Graphics 6000; (065-C364) 8GB 1867MHz LPDDR3; (065-C368) 1TB Serial ATA Drive @ 5400 rpm; (065-C36L) Apple Mouse; (065-C377) Apple Keyboard with numeric keypad (English) / User's Guide (English)	50
S3128LL/A	AppleCare Protection Plan for iMac - Auto-enroll	50

THE UNDERSIGNED, THROUGH ITS AUTHORIZED REPRESENTATIVE, CERTIFIES TO APPLE INC. THAT:

1. **AS OF _____, THE EQUIPMENT HAS BEEN DELIVERED TO THE LOCATION WHERE IT WILL BE USED, WHICH IS THE EQUIPMENT LOCATION GIVEN IN THE LEASE.**
2. **THE EQUIPMENT HAS BEEN INSPECTED AND IT IS (a) COMPLETE, (b) PROPERLY INSTALLED, (c) FUNCTIONING, AND (d) IN GOOD ORDER.**
3. **THE UNDERSIGNED ACCEPTS THE EQUIPMENT FOR ALL PURPOSES UNDER THE LEASE AS OF THE DATE OF THIS CERTIFICATE. THE RENT COMMENCEMENT DATE SHALL BE AUGUST 1, 2016.**
4. **THE UNDERSIGNED IS NOT IN DEFAULT UNDER THE LEASE, AND ALL ITS STATEMENTS AND PROMISES IN THE LEASE ARE TRUE.**

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SCHEDULE NO. 257, THIS CERTIFICATE OF DELIVERY AND ACCEPTANCE AMENDS AND SUPERSEDES THE SCHEDULE AND IS HEREBY INCORPORATED BY REFERENCE THEREIN. THIS CERTIFICATE OF DELIVERY AND ACCEPTANCE AMENDS EQUIPMENT SCHEDULE NO. 257 TO THE EXTENT OF THE INFORMATION HEREIN CONTAINED.

CO LESSEE: MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

BY: _____

DATE: _____

TITLE: _____

CO-LESSEE: MAGNOLIA SCIENCE ACADEMY – SANTA ANA

BY: _____

TITLE: _____

DATE: _____

NOTICE AND ACKNOWLEDGEMENT OF ASSIGNMENT

Dated: July 25, 2016

Magnolia Science Academy – Santa Ana
13950 Milton Avenue, Suite 200
Westminster, CA 92683

Apple Inc. ("Assignor") hereby gives notice that Assignor has assigned to TEQlease, Inc. ("Assignee") all of its rights in and to Schedule No. 426-257 (the "Lease") to Master Lease Agreement 426 dated July 25, 2016, by and between Assignor and Magnolia Science Academy – Santa Ana ("Lessee").

Assignor hereby requests, and instructs Lessee, that all rental payments and other amounts coming due pursuant to the Lease on and after the date hereof are payable to and should be remitted to Assignee as directed by Assignee invoices.

Lessee's questions related to the administration of the Lease and billing should be referred to Assignee as follows:

TEQlease, Inc.
23801 Calabasas Road, Suite 101
Calabasas, CA 91302
818.222.1006

The Federal Tax Identification Number of TEQlease, Inc. is 95-4530085.

Lessee hereby acknowledges the effect of and consents to the Assignment and absolutely and unconditionally agrees to deliver all rental payments and other amounts coming due under the Lease in accordance with terms thereof to Assignee. Assignor and Lessee agree that, notwithstanding any provisions of the Lease or any other agreement to the contrary, in the event of default under the Lease (1) Assignee may accelerate the rentals and other amounts due and Lessee is required to pay such amounts and (2) all leases subject to the Master Lease Agreement owned by Assignee or its affiliates and all agreements between Lessee and Assignee or its affiliates shall be in default, but a default under another lease subject to the Master Lease Agreement not owned by Assignee or any of its affiliates shall have no impact on the Lease or any other agreement between the Lessee and Assignee or its affiliates.

Lessee agrees that (1) Assignee shall not have any of the obligations or liabilities of Assignor, (2) Assignee shall have all rights of Lessor under the Lease, including but not limited to all the rights to issue or receive all notices and reports, to give all consents, to receive title to the equipment, to declare a default and to exercise all remedies thereunder, and (3) Lessee shall pay Assignee all rents and other amounts due under the Lease as and when due, without deduction or offset, notwithstanding any claim Lessee may have against Assignor, or relative to the equipment, or any other claim of Lessee arising prior to the Assignment.

We request that this Notice and Acknowledgement of Assignment be acknowledged by signing in the space provided below and by returning an original document to us.

Sincerely,
APPLE INC.

ACKNOWLEDGED AND AGREED:
MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

By: _____
Name: _____
Title: _____
Date _____

By: _____
Name: _____
Title: _____
Date: July 25, 2016

ACKNOWLEDGED AND AGREED:
TEQLEASE, INC.

ACKNOWLEDGED AND AGREED:
MAGNOLIA SCIENCE ACADEMY – SANTA ANA

By: _____
Name: _____
Title: _____
Date _____

By: _____
Name: _____
Title: _____
Date: July 25, 2016

APPLE FINANCIAL SERVICES
23801 Calabasas, Road, #101
Calabasas, California 91302
888.985.1006
www.appleleasefinance.com

AUTHORIZATION AGREEMENT FOR PREAUTHORIZED DEBIT PAYMENTS

COMPANY NAME: Magnolia Educational & Research Foundation
Magnolia Science Academy – Santa Ana

LEASE NUMBER: 426-257 RENTAL PAYMENT: \$19,733.47 (Includes taxes)

TAX ID NUMBER: _____

We hereby authorize Apple Inc. dba Apple Financial Services, TEQlease, Inc. and/or its assigns (“Apple Financial Services”), to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any debit entries in error to our checking, or other account indicated below and the depository named below, hereinafter called “DEPOSITORY,” to debit and/or credit the same to such account. This authorization is for all payments due under the Lease, which will be debited on or after the first day of August each year, commencing on August 1, 2017 until the Lease is paid in full or earlier, including payments due as a result of default under subject contract, and any other amounts we may owe under the lease.

BANK NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

TRANSIT/ABA NO: _____

ACCOUNT NO: _____

This authority is to remain in full force and effect until Apple Financial Services and Depository have received, not less than ten (10) business days prior, written notification from us of termination of this authorization so as to afford Apple Financial Services and Depository a reasonable opportunity to act on the termination. As noted above, in the event of default of our obligations to Apple Financial Services, we have authorized debit to our account for the full accelerated amount due in accordance with our relevant agreement with Apple Financial Services.

Company Magnolia Educational & Research Foundation
Magnolia Science Academy – Santa Ana

Signature: _____

Name: _____

Title: _____

Date: _____

**Please Attach A Voided Check
From The Above Account**

Financial Services

INSURANCE AGENT _____

ADDRESS _____

TELEPHONE NO. _____ EMAIL ADDRESS _____

CONTACT _____ POLICY NO. _____

**Re: MAGNOLIA SCIENCE ACADEMY – SANTA ANA
SCHEDULE 426-257**

Apple Financial Services is about to enter into an Equipment Lease Agreement with Magnolia Science Academy – Santa Ana. In accordance with our Equipment Lease Agreement, the lessee is responsible to provide insurance pertaining to the subject leased equipment, as follows:

- A) *The Equipment must have "Special Form" coverage that includes theft, and for not less than the full replacement value of **\$51,392.00** with a deductible not to exceed **\$1,000.00**.*
- B) *Third Party liability and property damage insurance providing **\$1,000,000.00** combined single limit, bodily injury and property damage coverage relative to the leased equipment.*

Apple Financial Services, 23801 Calabasas Road, Suite 101, Calabasas, CA 91302 and ITS SUCCESSORS AND/OR ASSIGNS shall be named as the loss payee and additional insured on the above described insurance.

As indicated by their signature below, Magnolia Science Academy – Santa Ana has authorized Apple Financial Services to:

- 1) Discuss the required insurance with your company; and,
- 2) Authorize and instruct you, or any other insurance company, to provide such insurance as is required by our Lease Agreement, at our sole discretion and without obligation on our part; and,
- 3) To debit lessee's account for any costs related thereto.

We respectfully request that you immediately provide the herein required insurance and provide proof of coverage to us by **forwarding a copy of a Certificate of Insurance by email or fax, with the original being sent by mail to us at the address indicated above**. Additionally, should the subject insurance be cancelled or modified before the expiration date, you must give us 30 days notice.

A facsimile of this Agreement with signature shall be considered to be an original.

Sincerely

By: _____

Title: _____

Date: _____

 **Financial Services**

23801 Calabasas Road, Suite 101
Calabasas, CA 91302
888.985.1006

Invoice

Date	Invoice No.
July 25, 2016	426257-0816

Bill To
Accounts Payable Magnolia Science Academy – Santa Ana 13950 Milton Avenue, Suite 200 Westminster, CA 92683

Billing Period
08-01-2016 – 07-31-2016

Page 1

Lease Number: 426257	Description: Apple Computers
	Location: Magnolia Science Academy – Santa Ana 102 Baker Street E, Costa Mesa, CA 92626
Payment Due: Upon Receipt	\$19,733.47
Tax Due: Included	\$0.00

Invoice Total	\$19,733.47
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PLEASE REMIT TO:

Apple Financial Services
23801 Calabasas Road, Suite 101
Calabasas, CA 91302

Cover Sheet

MPS Board Officers Re-elections

Section: III. Action Items
Item: A. MPS Board Officers Re-elections
Purpose: Vote
Submitted by:
Related Material: III A Re-election of Officers.pdf



Board Agenda Item #	III A
Date:	August 11, 2016
To:	MPS Board of Directors
From:	Umit Yapanel, Chairman
Staff Lead:	Caprice Young, Ed.D., CEO & Superintendent
RE:	Governance Items: Annual Election of Officers

Proposed Board Recommendation

Hereby appoint the following board officers and representational duties:

- President and Chairman (Article IX, Section 9)
- Secretary and Vice-President (Article IX, Sections 10 and 11)
- Treasurer and Vice-President (Article IX, Sections 10 and 12)
- Representing Parents (Article VII, Section 3)
- Vice Chairman Representing Los Angeles County (Article IX, Sections 13)
- Vice Chairman Representing Orange County County (Article IX, Sections 13)
- Vice Chairman Representing San Diego County County (Article IX, Sections 13)

Background

Article VII Section 3 of our bylaws require that we have at least one board member designated to represent the parents of our students and at least one member representing each county where we have schools. Article IX covers the duties of officers. Our bylaws allow for positions of Vice-President. Currently the Secretary or Treasurer has carried out the duties of Vice-Presidents (officiating meetings when the President is absent). The board is free to change that situation by establishing a more formal Vice Chairman.

Budget Impact

There is no budget impact.

Name of Staff Originator

Caprice Young, Ed.D., CEO & Superintendent

Attachments

MERF Bylaws

AMENDED AND RESTATED BYLAWS
OF
MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

(A California Nonprofit Public Benefit Corporation)

**ARTICLE I
NAME**

Section 1. **NAME.** The name of this corporation is Magnolia Educational & Research Foundation.

**ARTICLE II
PRINCIPAL OFFICE OF THE CORPORATION**

Section 1. **PRINCIPAL OFFICE OF THE CORPORATION.** The principal office for the transaction of the activities and affairs of this corporation is 13950 Milton Avenue, Suite 200B, Westminster, 92683 California. The Board of Directors may change the location of the principal office. Any such change of location must be noted by the Secretary on these bylaws opposite this Section; alternatively, this Section may be amended to state the new location.

Section 2. **OTHER OFFICES OF THE CORPORATION.** The Board of Directors may at any time establish branch or subordinate offices at any place or places where this corporation is qualified to conduct its activities.

**ARTICLE III
GENERAL AND SPECIFIC PURPOSES; LIMITATIONS**

Section 1. **GENERAL AND SPECIFIC PURPOSES.** The purposes of this corporation are to provide community support in educational and research areas, which include, but are not limited to the following: managing, operating, guiding, directing and promoting public charter schools; conducting scientific research at K-12 schools and colleges to identify and implement successful education practices; promoting and discovering the research modules in scientific areas with applied and practicable methods to promote prospective scientists; coordinating international conferences/competitions in various fields of academic study. Also in the context of these purposes, the Corporation shall not, except to an insubstantial degree, engage in any other activities or exercise of power that do not further the purposes of the Corporation.

The Corporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code; or (b) a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

**ARTICLE IV
CONSTRUCTION AND DEFINITIONS**

Section 1. **CONSTRUCTION AND DEFINITIONS.** Unless the context indicates otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, and the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

**ARTICLE V
DEDICATION OF ASSETS**

Section 1. **DEDICATION OF ASSETS.** This corporation's assets are irrevocably dedicated to public benefit purposes. No part of the net earnings, properties, or assets of the corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any director or officer of the corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts, liabilities and all charter obligations of the corporation shall be distributed to a nonprofit fund, foundation, or corporation that is organized and operated exclusively for the public and/or charitable purposes of managing, operating, guiding, directing, promoting, and/or supporting one or more California public charter schools that serve students in grades K-12 and that has established its exempt status under Internal Revenue Code section 501(c)(3).

**ARTICLE VI
CORPORATIONS WITHOUT MEMBERS**

Section 1. **CORPORATIONS WITHOUT MEMBERS.** This corporation shall have no voting members within the meaning of the Nonprofit Corporation Law.

**ARTICLE VII
BOARD OF DIRECTORS**

Section 1. **GENERAL POWERS.** Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors ("Board"). The Board may delegate the management of the corporation's activities to any person(s), management company or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. **SPECIFIC POWERS.** Without prejudice to the general powers set forth in Section 1 of these bylaws, but subject to the same limitations, the Board of Directors shall have the power to:

- a. Appoint and remove, at the pleasure of the Board of Directors, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the articles of incorporation, and these bylaws; fix their compensation; and require from them security for faithful service.
- b. Change the principal office or the principal business office in California from one location to another; cause the corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; conduct its activities in or outside California; and designate a place in California for holding any meeting of members.
- c. Borrow money and incur indebtedness on the corporation's behalf and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- d. Adopt and use a corporate seal; prescribe the forms of membership certificates; and alter the forms of the seal and certificates.

Section 3. DESIGNATED DIRECTORS. The number of directors shall be no less than three (3) and no more than eleven (11), unless changed by amendments to these bylaws. The exact number of directors shall be fixed within these limits by a Resolution of the Board. All directors shall be designated by the existing Board of Directors. All directors are to be designated at the corporation's annual meeting of the Board of Directors.

The Board of Directors commits to designating at least one (1) director who resides in each county where this corporation operates a charter school. The Board of Directors shall strive to recruit directors representing parents and the charter school communities, from diverse professional and ethnic backgrounds and commits to designating at least one (1) director representing parents at all times.

Section 4. RESTRICTION ON EMPLOYEE DIRECTORS. No current employees of the Corporation may serve on the Board of Directors.

Section 5. DIRECTORS' TERMS. Each director shall hold office for five (5) years and until a successor director has been designated and qualified.

Section 6. NOMINATIONS BY COMMITTEE. The Chairman of the Board of Directors or, if none, the President will appoint a committee to designate qualified candidates for election to the Board of Directors at least thirty (30) days before the date of any election of directors. The nominating committee shall make its report at least seven (7) days before the date of the election or at such other time as the Board of Directors may set and the Secretary shall forward to each Board member, with the notice of meeting required by these bylaws, a list of all candidates nominated by committee.

Section 7. USE OF CORPORATE FUNDS TO SUPPORT NOMINEE. If more people have been nominated for director than can be elected, no corporation funds may be expended to support a nominee.

Section 8. EVENTS CAUSING VACANCIES ON BOARD. A vacancy or vacancies on the Board of Directors shall occur in the event of (a) the death, resignation, or removal of any director; (b) the declaration by resolution

of the Board of Directors of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under California Nonprofit Public Benefit Corporation Law, Chapter 2, Article 3; (c) the increase of the authorized number of directors; and (d) the failure of the members, at any meeting of members at which any director or directors are to be elected, to elect the number of directors required to be elected at such meeting.

Section 9. RESIGNATION OF DIRECTORS. Except as provided below, any director may resign by giving written notice to the Chairman of the Board, if any, or to the President, or the Secretary, or to the Board. The resignation shall be effective when the notice is given unless the notice specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective.

Section 10. DIRECTOR MAY NOT RESIGN IF NO DIRECTOR REMAINS. Except on notice to the California Attorney General, no director may resign if the corporation would be left without a duly elected director or directors.

Section 11. REMOVAL OF DIRECTORS. Any director may be removed, with or without cause, by a simple majority of directors then in office at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal questions are given in compliance with the provisions of the Ralph M. Brown Act. (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code). Any vacancy caused by the removal of a director shall be filled as provided in Section 12.

Section 12. VACANCIES FILLED BY BOARD. Vacancies on the Board of Directors may be filled by approval of the Board of Directors or, if the number of directors then in office is less than a quorum, by (a) the unanimous consent of the directors then in office, (b) the affirmative vote of a majority of the directors then in office at a meeting held according to notice or waivers of notice complying with Corporations Code Section 5211, or (c) a sole remaining director.

Section 13. NO VACANCY ON REDUCTION OF NUMBER OF DIRECTORS. Any reduction of the authorized number of directors shall not result in any directors being removed before his or her term of office expires.

Section 14. QUORUM. A majority of the directors then in office shall constitute a quorum. If a quorum is present, the affirmative vote of the majority of the directors at the meeting shall be a decision of the Board of Directors. Should there be fewer than a majority of the directors present at any meeting, the meeting shall be adjourned. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Directors may not vote by proxy. The vote or abstention of each board member present for each action taken shall be publicly reported.

Section 15. COMPENSATION AND REIMBURSEMENT. Directors shall serve without compensation except that they shall be allowed reasonable advancement or reimbursement of actual reasonable expenses incurred in carrying out his or her duties. Directors shall not otherwise be compensated.

Section 16. CREATION AND POWERS OF COMMITTEES. The Board, by resolution adopted by a

majority of the directors then in office, may create one or more committees, each consisting of two or more directors and no one who is not a director, to serve at the pleasure of the Board. Appointments to committees of the Board of Directors shall be by majority vote of the authorized number of directors. The Board of Directors may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board of Directors' resolution, except that no committee may:

- a. Take any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of the members or approval of a majority of all members;
- b. Fill vacancies on the Board of Directors or any committee of the Board;
- c. Amend or repeal bylaws or adopt new bylaws;
- d. Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or subject to repeal;
- e. Create any other committees of the Board of Directors or appoint the members of committees of the Board;
- f. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected; or
- g. Approve any contract or transaction to which the corporation is a party and in which one or more of its directors has a material financial interest.

Section 17. MEETINGS AND ACTION OF COMMITTEES. Meetings and actions of committees of the Board of Directors shall be governed by, held, and taken under the provisions of these bylaws concerning meetings, other Board of Directors' actions, and the Brown Act, except that the time for general meetings of such committees and the calling of special meetings of such committees may be set either by Board of Directors' resolution or, if none, by resolution of the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board of Directors may adopt rules for the governance of any committee as long as the rules are consistent with these bylaws. If the Board of Directors has not adopted rules, the committee may do so.

Section 18. NON-LIABILITY OF DIRECTORS. No director shall be personally liable for the debts, liabilities, or other obligations of this corporation.

Section 19. COMPLIANCE WITH LAWS GOVERNING STUDENT RECORDS. The Charter School and the Board of Directors shall comply with all applicable provisions of the Family Education Rights Privacy Act ("FERPA") as set forth in Title 20 of the United States Code Section 1232g and attendant regulations as they may be amended from time to time.

Section 20. COMPLIANCE WITH CONFLICTS OF INTEREST LAWS. The Corporation shall comply with applicable conflict of interest laws, including the Political Reform Act of 1974 (Chapter 1 (commencing with Section 81000) of Title 9 of the Government Code) and Govt. Code § 1090 et seq.

**ARTICLES VIII
MEETINGS**

Section 1. **PLACE OF BOARD OF DIRECTORS MEETINGS.** The Board of Directors may designate that a meeting be held at any place within California that has been designated by resolution of the Board of Directors or in the notice of the meeting and which is in compliance with the Ralph M. Brown Act. The Board of Directors commits to rotating the locations of its regular physical meetings among the counties where the corporation's charter school sites are located, and to holding at least one of its regular physical meetings in a calendar year in each of those counties, and that the final date, time, and place will be specified in the notice of the meeting in compliance with the Ralph M. Brown Act.

All meetings of the Board of Directors shall be called, held and conducted in accordance with the terms and provisions of the Ralph M. Brown Act, California Government Code Sections 54950, et seq., as said chapter may be modified by subsequent legislation.

Section 2. **MEETINGS; ANNUAL MEETINGS.** All meetings of the Board of Directors and its committees shall be called, noticed, and held in compliance with the provisions of the Ralph M. Brown Act. ("Brown Act") (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code).

The Board of Directors shall meet annually for the purpose of organization, appointment of officers, and the transaction of such other business as may properly be brought before the meeting. This meeting shall be held at a time, date, and place as may be specified and noticed by resolution of the Board of Directors.

Section 3. **REGULAR MEETINGS.** Regular meetings of the Board of Directors shall be held on the second Thursday of each month, unless the second Thursday of the month should fall on a legal holiday in which event the regular meeting shall be held at the same hour and place on the next business day following the legal holiday. At least 72 hours before a regular meeting, the Board of Directors, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting.

Section 4. **SPECIAL MEETINGS.** Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman of the Board of Directors, if there is such an officer or a majority of the Board of Directors. If a Chairman of the Board has not been elected, then the President is authorized to call a special meeting in place of the Chairman of the Board. The party calling a special meeting shall determine the place, date, and time thereof.

Section 5. **NOTICE OF SPECIAL MEETINGS.** In accordance with the Brown Act, special meetings of the Board of Directors may be held only after twenty-four (24) hours' notice is given to each director and to the public through the posting of an agenda. Pursuant to the Brown Act, the Board of Directors shall adhere to the following notice requirements for special meetings:

- a. Any such notice shall be addressed or delivered to each director at the director's address as it is shown on the records of the Corporation, or as may have been given to the Corporation by the director for purposes of notice, or, if an address is not shown on the Corporation's records or is not readily ascertainable, at the place at which the meetings of the Board of Directors are regularly held.
- b. Notice by mail shall be deemed received at the time a properly addressed written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed received at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.
- c. The notice of special meeting shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation, and the general nature of the business proposed to be transacted at the meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 6. TELECONFERENCE MEETINGS. Members of the Board of Directors may participate in teleconference meetings so long as all of the following requirements in the Brown Act are complied with:

- a. At a minimum, a quorum of the members of the Board of Directors shall participate in the teleconference meeting from locations within the boundaries of a school district in which at least one of the charter schools operated by the corporation operates;
- b. All votes taken during a teleconference meeting shall be by roll call;
- c. If the Board of Directors elects to use teleconferencing, it shall post agendas at all teleconference locations with each teleconference location being identified in the notice and agenda of the meeting;
- d. All locations where a member of the Board of Directors participates in a meeting via teleconference must be fully accessible to members of the public and shall be listed on the agenda;¹
- e. Members of the public must be able to hear what is said during the meeting and shall be provided with an opportunity to address the Board of Directors directly at each teleconference location; and
- f. The agenda shall indicate that members of the public attending a meeting conducted via teleconference need not give their name when entering the conference call.²

Section 7. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any Board of Directors meeting to another time or place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or place shall be given, prior to the time schedule for the continuation of the meeting, to the directors who were not present at the time of the adjournment,

¹ This means that members of the Board of Directors who choose to utilize their homes or offices as teleconference locations must open these locations to the public and accommodate any members of the public who wish to attend the meeting at that location.

² The Brown Act prohibits requiring members of the public to provide their names as a condition of attendance at the meeting.

and to the public in the manner prescribed by any applicable public open meeting law.

ARTICLE IX OFFICERS OF THE CORPORATION

Section 1. **OFFICES HELD.** The officers of this corporation shall be a President, a Secretary, and Chief Financial Officer, who shall be known as the "Treasurer." The corporation, at the Board's direction, may also have a Chairman of the Board, one or more Vice-Presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed under Article X Section 4, of these bylaws.

Section 2. **DUPLICATION OF OFFICE HOLDERS.** Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as either the President or the Chairman of the Board.

Section 3. **ELECTION OF OFFICERS.** The officers of this corporation shall be chosen annually by the Board of Directors and shall serve at the pleasure of the Board.

Section 4. **APPOINTMENT OF OTHER OFFICERS.** The Board of Directors may appoint and authorize the Chairman of the Board, the President, or another officer to appoint any other officers that the corporation may require. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in the bylaws or established by the Board.

Section 5. **REMOVAL OF OFFICERS.** Without prejudice to the rights of any officer under an employment contract, the Board of Directors may remove any officer with or without cause.

Section 6. **RESIGNATION OF OFFICERS.** Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

Section 7. **VACANCIES IN OFFICE.** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these bylaws for normal appointment to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 8. **CHAIRMAN OF THE BOARD.** If a Chairman of the Board of Directors is elected, he or she shall preside at the Board of Directors' meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time. If there is no President, the Chairman of the Board of Directors shall also be the chief executive officer and shall have the powers and duties of the President of the corporation set forth in these bylaws. If a Chairman of the Board of Directors is elected, there shall also be a Vice-Chairman of the Board of Directors. In the absence of the Chairman, the Vice-Chairman shall preside at Board of Directors meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time.

Section 9. PRESIDENT. Subject to such supervisory powers as the Board of Directors may give to the Chairman of the Board, if any, and subject to the control of the Board, the President shall be the general manager of the corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers as fully described in any applicable employment contract, agreement, or job specification. The President shall preside at all Board of Directors' meetings. The President shall have such other powers and duties as the Board of Directors or the bylaws may require.

Section 10. VICE-PRESIDENTS. If the President is absent or disabled, the Vice-Presidents, if any, in order of their rank as fixed by the Board, or, if not ranked, a Vice-President designated by the Board, shall perform all duties of the President. When so acting, a Vice-President shall have all powers of and be subject to all restrictions on the President. The Vice-Presidents shall have such other powers and perform such other duties as the Board of Directors or the bylaws may require.

Section 11. SECRETARY. The Secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the Board of Directors may direct, a book of minutes of all meetings, proceedings, and actions of the Board and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, regular, or special and, if special, how authorized; the notice given; and the names of the directors present at Board of Directors and committee meetings.

The Secretary shall keep or cause to be kept, at the principal California office, a copy of the articles of incorporation and bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board of Directors that these bylaws require to be given. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board of Directors or the bylaws may require.

Section 12. TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The Treasurer shall send or cause to be given to directors such financial statements and reports as are required to be given by law, by these bylaws, or by the Board. The books of account shall be open to inspection by any director at all reasonable times.

The Treasurer shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board of Directors may designate; (b) disburse the corporation's funds as the Board of Directors may order; (c) render to the President, Chairman of the Board, if any, and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the corporation; and (d) have such other powers and perform such other duties as the Board or the bylaws may require.

If required by the Board, the Treasurer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board of Directors for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office.

Section 13. VICE-CHAIRMEN. One Vice-Chairman of the Board of Directors will be assigned to each county in which a charter school operated by the corporation is located.

**ARTICLE X
CONTRACTS WITH DIRECTORS**

Section 1. **CONTRACTS WITH DIRECTORS.** In compliance with Government Code Section 1090 et seq., the corporation shall not enter into a contract or transaction in which a director directly or indirectly has a material financial interest (nor any other corporation, firm, association, or other entity in which one or more of the Corporation's directors are directors and have a material financial interest).

**ARTICLE XI
CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES**

Section 1. **CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES.** The Corporation shall not enter into a contract or transaction in which a non-director designated employee (e.g., officers and other key decision-making employees) directly or indirectly has a material financial interest unless all of the requirements in the Corporation's Conflict of Interest Code have been fulfilled.

Section 2. **AGAINST NEPOTISM.** If a member of an officer's or employee's immediate family is to be hired to work in a position directly subordinate or supervisory to the officer or employee, that fact should be disclosed in advance to the Board of Directors so that a determination can be made whether to permit an exception to the normal prohibition against nepotism.

**ARTICLE XII
LOANS TO DIRECTORS AND OFFICERS**

Section 1. **LOANS TO DIRECTORS AND OFFICERS.** This corporation shall not lend any money or property to or guarantee the obligation of any director or officer without the approval of the California Attorney General; provided, however, that the corporation may advance money to a director or officer of the corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that director or officer would be entitled to reimbursement for such expenses of the corporation.

**ARTICLE XIII
INDEMNIFICATION**

Section 1. **INDEMNIFICATION.** To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the corporation by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board of Directors by any person seeking indemnification under Corporations Code Section 5238 (b) or Section 5238 (c) the Board of Directors shall promptly decide under Corporations Code Section 5238

(e) whether the applicable standard of conduct set forth in Corporations Code Section 5238 (b) or Section 5238 (c) has been met and, if so, the Board of Directors shall authorize indemnification.

ARTICLE XIV INSURANCE

Section 1. **INSURANCE.** This corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its directors, officers, employees, and other agents, to cover any liability asserted against or incurred by any director, officer, employee, or agent in such capacity or arising from the director's, officer's, employee's, or agent's status as such.

ARTICLE XV MAINTENANCE OF CORPORATE RECORDS

- Section 1. **MAINTENANCE OF CORPORATE RECORDS.** This corporation shall keep:
- a. Adequate and correct books and records of account;
 - b. Written minutes of the proceedings of the Board and committees of the Board; and
 - c. Such reports and records as required by law.

ARTICLE XVI INSPECTION RIGHTS

Section 1. **DIRECTORS' RIGHT TO INSPECT.** Every director shall have the right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary as permitted by California and federal law. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law (e.g., restrictions on the release of educational records under FERPA) pertaining to access to books, records, and documents.

Section 2. **ACCOUNTING RECORDS AND MINUTES.** On written demand on the corporation, any director may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the Board of Directors and committees of the Board of Directors at any reasonable time for a purpose reasonably related to the director's interest as a director. Any such inspection and copying may be made in person or by the director's agent or attorney. This right of inspection extends to the records of any subsidiary of the corporation.

Section 3. **MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS.** This corporation shall keep at its principal California office the original or a copy of the articles of incorporation and bylaws, as amended to the current date, which shall be open to inspection by the directors at all reasonable times during office hours. If the corporation has no business office in California, the Secretary shall, on the written request of any director, furnish to that director a copy of the articles of incorporation and bylaws, as amended to the current date.

**ARTICLE XVII
REQUIRED REPORTS**

Section 1. ANNUAL REPORTS. The Board of Directors shall cause an annual report to be sent to itself (the members of the Board of Directors) within 120 days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail:

- a. The assets and liabilities, including the trust funds, or the corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities, including trust funds;
- c. The corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- d. The corporation's expenses or disbursement for both general and restricted purposes;
- e. Any information required under these bylaws; and
- f. An independent accountant's report or, if none, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

Section 2. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. As part of the annual report to all directors, or as a separate document if no annual report is issued, the corporation shall, within 120 days after the end of the corporation's fiscal year, annually prepare and mail or deliver to each director and furnish to each director a statement of any transaction or indemnification of the following kind:

- a. Any transaction (i) in which the corporation, or its parent or subsidiary, was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$50,000 or was one of several transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either:
 - (1) Any director or officer of the corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
 - (2) Any holder of more than 10 percent of the voting power of the corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the corporation, the nature of their interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.
- b. The amount and circumstances of any indemnifications aggregating more than \$10,000 paid during the fiscal year to any director or officer of the corporation pursuant to Article XIV of these Bylaws.

**ARTICLE XVIII
BYLAW AMENDMENTS**

Section 1. BYLAW AMENDMENTS. The Board of Directors may adopt, amend or repeal any of these

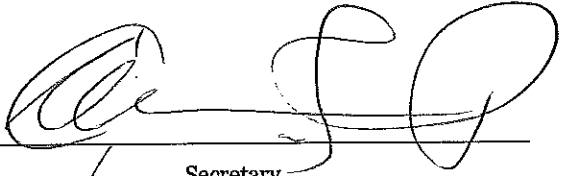
Bylaws by a majority of the directors present at a meeting duly held at which a quorum is present, except that no amendment shall make any provisions of these Bylaws inconsistent with the corporation's Articles of Incorporation, or any laws. The Board of Directors may only amend these Bylaws provisions fixing the authorized number of directors or establishing procedures for the nomination or appointment of directors by unanimous vote of all directors then in office. This section may only be amended by the unanimous vote of the all the directors then in office.

ARTICLE XIX
FISCAL YEAR

Section 1. **FISCAL YEAR OF THE CORPORATION.** The fiscal year of the Corporation shall begin on July 1st and end on June 30th of each year.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation; that these amended and restated bylaws, consisting of **14** pages, are the bylaws of this corporation as adopted by the Board of Directors on **February 16, 2015**; and that these amended and restated bylaws have not been amended or modified since that date.


Secretary
Sakon Sher Khanov
2/17/2015

Cover Sheet

Reconsideration of 2016-17 MPS Home Office Budget

Section: III. Action Items
Item: D. Reconsideration of 2016-17 MPS Home Office Budget
Purpose: Vote
Submitted by:
Related Material: III D 2016-17 MPS Budget.pdf

BACKGROUND:

Budget document was presented during the July 21st board meeting. O. Diaz and N. Unterburger are working on other supplemental documents.



2016-17 Budget Draft for Board Review and Adoption

June 28, 2016 (resubmitted July 21, 2016)

Mission:

Magnolia Public Schools provides a college preparatory educational program emphasizing science, technology, engineering, art and math (STEAM) in a safe environment that cultivate respect for self and others

Vision:

Graduate students who are scientific thinkers who contribute to the global community as socially responsible and educated members of society

Guiding Principles:

- Excellence
- Innovation
- Connection

Respectfully Submitted by
Caprice Young, Ed.D.
CEO and Superintendent

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Executive Summary

Overview

Magnolia is headed into an exciting year, one in which we now have the opportunity to institutionalize the processes put in place during 2015-16. We aim to make routine items routine as we deepen our focus on the instructional program. This budget includes expenditure and revenue plans for eleven schools and the home office. Enrollment is projected to rise from 3,433 to 3,813. This budget presents an expenditure plan of \$47.4 million in operating expenditures. Non-capital program direct school site expenditures account for \$41.3 million of the overall budget, and collectively funded school support (CMO allocation) includes \$5.66 million of operational expenses, or 13.42% of total school revenue, \$276,455 of directly allocated payroll or 0.66%, and a 5.0% contingency reserve totaling \$304,421. The 2016-17 budget anticipates \$48,579,203 in revenue, a decrease of \$2.85 million (-5.6%) compared to FY 2015-16 end of year forecast, primarily due to the state not yet providing the same one-time revenue they announced last September for the 2015-16 fiscal year and the one-time 2015-16 receipt of \$13.3 million in Prop 1-D capital funds, where 50% or \$6.66 million was in the form of a grant (recorded as revenue) and \$6.66 million was in the form of a loan. The budget yields \$1.2 million in net operating income including depreciation and \$2.03 million in net operating income excluding depreciation.

Thirty (30) full-time employees work as part of the Home Office staff, most of whom spend a significant amount of time across multiple school sites, and 350 staff (92%) work directly on school sites for individual schools.

The major changes from 2015-16 represented in this budget are a significant increase in school site personnel salaries, completion of the MSA Santa Ana academic buildings, reduction in state one-time funds, and the anticipated 2016-17 closure of MSA Santa Clara due to the decline in enrollment caused by our facilities loss. Accounting treatment of the closure of MSA Santa Clara will be addressed through the closure audit and may require an update of this budget in November reflecting any changes. The November 2016 revision also will true up the budget to align with the state adopted budget and our actual enrollment.

Our back-office service provider, EdTec, ensures timely processing of payments after they have been approved, receipt of revenue and monthly review of budget-to-actual results with each principal, the home office department leaders and the board, as well as ensuring compliance with all financial policies and procedures. Our external auditor, Vavrinek, Trine, Day & Co., LLP, conducts an annual audit of the financial operations of Magnolia Public Schools.

Consolidated Summary

Magnolia Public Schools

FY16-17 Budget vs. FY15-16 Forecast (Consolidated)

Updated 7/7/16

	2015/16	2016/17	2016/17	
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Variance FY16-17 Approved Budget vs FY16-17 Proposed Budget
SUMMARY				
Revenue				
General Block Grant	28,676,081	33,973,833	33,973,833	
Federal Revenue	2,983,168	3,351,378	3,351,378	
Other State Revenues	13,352,464	4,188,587	4,188,587	
Local Revenues	5,882,238	5,648,186	6,682,887	1,034,701
Fundraising and Grants	546,770	482,518	382,518	(100,000)
Total Revenue	51,440,721	47,644,503	48,579,203	934,701
Expenses				
Compensation and Benefits	23,190,600	25,026,724	25,599,982	573,258
Books and Supplies	4,374,725	3,299,971	3,270,502	(29,464)
Services and Other Operating Expenditures	16,621,360	17,572,378	17,681,744	109,368
Depreciation Expense	376,864	815,593	823,259	7,666
Total Expenses	44,563,549	46,714,665	47,375,487	660,822
Operating Income (excluding Depreciation)	7,254,036	1,745,430	2,026,975	281,545
Net Income (including Depreciation)	6,877,172	922,172	1,203,716	281,545
Excluding Prop 1D Revenue (MSA-SA)	210,891	922,172	1,203,716	281,545
Fund Balance				
Beginning Balance (Unaudited)	13,218,702	19,752,105	19,120,710	(631,395)
Audit Adjustment	(577,339)	(654,272)	-	654,272
Beginning Balance (Audited)	12,641,363	19,097,833	19,120,710	22,877
Operating Income (including Depreciation)	6,877,172	922,172	1,203,716	281,545
Ending Fund Balance (including Depreciation)	19,518,535	20,020,005	20,324,427	304,422
Ending Fund Balance as a % of Expenses	44%	498%	503%	5
Enrollment Summary				
K-3	184	364	364	
4-6	851	950	950	-
7-8	1,559	1,612	1,612	-
9-12	839	887	887	-
Total Enrolled	3,433	3,813	3,813	-
Total ADA	3,306	3,675	3,675	-

School Site and Home Office Budgets Side-by-Side

Magnolia Public Schools

FY16-17 Budget Summary

Updated 7/7/16

	2016/17	2016/17	2016/17	2016/17	2016/17
	Preliminary Budget - MSA-1	Preliminary Budget - MSA-2	Preliminary Budget - MSA-3	Preliminary Budget - MSA-4	Preliminary Budget MSA-5
SUMMARY					
Revenue					
General Block Grant	5,251,882	4,518,779	4,245,388	1,772,032	1,539,110
Federal Revenue	695,788	344,735	574,033	252,308	176,070
Other State Revenues	898,244	355,213	694,406	141,453	150,380
Local Revenues	60,107	93,069	24,785	20,867	11,120
Fundraising and Grants	56,000	25,000	19,018	10,000	50,000
Total Revenue	6,962,022	5,336,796	5,557,630	2,196,660	1,877,280
Expenses					
Compensation and Benefits	3,362,064	2,987,228	2,812,110	1,172,519	1,064,340
Books and Supplies	539,025	259,858	454,542	158,736	185,900
Services and Other Operating Expenditures	2,727,983	1,903,069	1,935,913	667,206	594,060
Depreciation Expense	181,768	34,000	12,000	9,221	17,200
Total Expenses	6,810,839	5,184,156	5,214,565	2,007,682	1,861,500
Operating Income (excluding Depreciation)	332,951	186,640	355,065	198,199	32,900
Net Income (including Depreciation)	151,183	152,640	343,065	188,978	15,700
Fund Balance					
Beginning Balance (Unaudited)	2,439,125	1,095,288	847,872	567,722	951,110
Audit Adjustment	-	-	-	-	-
Beginning Balance (Audited)	2,439,125	1,095,288	847,872	567,722	951,110
Operating Income (including Depreciation)	151,183	152,640	343,065	188,978	15,700
Ending Fund Balance (including Depreciation)	2,590,308	1,247,928	1,190,937	756,701	966,810
Ending Fund Balance as a % of Expenses	38%	24%	23%	38%	5%
Enrollment Summary					
K-3	-	-	-	-	-
4-6	85	95	86	14	5
7-8	180	210	191	58	10
9-12	272	182	173	115	1
Total Enrolled	537	487	450	187	17
Total ADA	518.2	470.0	434.3	180.5	16.0

Magnolia Public Schools

FY16-17 Budget Summary

Updated 7/7/16

	2016/17	2016/17	2016/17	2016/17
	Preliminary Budget - MSA-6	Preliminary Budget - MSA-7	Preliminary Budget - MSA-8	Preliminary Budget - MSA-SA
SUMMARY				
Revenue				
General Block Grant	1,575,467	2,671,595	4,438,632	4,595,312
Federal Revenue	137,828	346,072	296,081	394,527
Other State Revenues	214,078	578,580	508,978	345,918
Local Revenues	14,120	54,198	90,229	16,505
Fundraising and Grants	10,000	50,000	20,000	22,000
Total Revenue	1,951,493	3,700,444	5,353,920	5,374,262
Expenses				
Compensation and Benefits	965,253	1,710,714	2,842,777	3,059,757
Books and Supplies	110,183	333,447	297,700	691,730
Services and Other Operating Expenditures	575,774	1,557,568	2,081,816	1,775,765
Depreciation Expense	6,368	45,027	68,156	397,234
Total Expenses	1,657,578	3,646,756	5,290,449	5,924,486
Operating Income (excluding Depreciation)	300,284	98,715	131,627	(152,994)
Vet Income (including Depreciation)	293,915	53,688	63,471	(550,228)
Fund Balance				
Beginning Balance (Unaudited)	938,327	922,105	3,019,921	8,212,887
Audit Adjustment	-	-	-	-
Beginning Balance (Audited)	938,327	922,105	3,019,921	8,212,887
Operating Income (including Depreciation)	293,915	53,688	63,471	(550,228)
Ending Fund Balance (including Depreciation)	1,232,242	975,793	3,083,391	7,662,659
Ending Fund Balance as a % of Expenses	74%	27%	58%	129%
Enrollment Summary				
K-3	-	164	-	200
4-6	62	138	165	100
7-8	118	-	330	100
9-12	-	-	-	130
Total Enrolled	180	302	495	530
Total ADA	173.7	291.4	477.7	511.

Magnolia Public Schools

FY16-17 Budget Summary

Updated 7/7/16

	2016/17	2016/17	2016/17	2016/17
	Preliminary Budget - MSA-SC	Preliminary Budget - MSA-SD	Preliminary Budget - MERF	Preliminary Budget - TOTAL
SUMMARY				
Revenue				
General Block Grant	-	3,365,610	-	33,973,833
Federal Revenue	-	133,928	-	3,351,378
Other State Revenues	-	301,331	-	4,188,587
Local Revenues	-	55,036	6,242,850	6,682,887
Fundraising and Grants	-	20,000	150,000	382,518
Total Revenue	-	3,875,905	6,392,850	48,579,203
Expenses				
Compensation and Benefits	-	2,155,725	3,467,487	25,599,982
Books and Supplies	-	163,559	75,821	3,270,502
Services and Other Operating Expenditures	-	1,325,125	2,537,455	17,681,744
Depreciation Expense	-	44,619	7,666	823,259
Total Expenses	-	3,689,029	6,088,428	47,375,487
Operating Income (excluding Depreciation)	-	231,495	312,087	2,026,975
Vet Income (including Depreciation)	-	186,876	304,421	1,203,716
Fund Balance				
Beginning Balance (Unaudited)	(985,851)	1,053,661	58,520	19,120,710
Audit Adjustment	-	-	-	-
Beginning Balance (Audited)	(985,851)	1,053,661	58,520	19,120,710
Operating Income (including Depreciation)	-	186,876	304,421	1,203,716
Ending Fund Balance (including Depreciation)	(985,851)	1,240,537	362,941	20,324,427
Ending Fund Balance as a % of Expenses		34%	6%	503%
Enrollment Summary				
K-3	-	-	-	364
4-6	-	150	-	950
7-8	-	320	-	1,612
9-12	-	-	-	887
Total Enrolled	-	470	-	3,813
Total ADA	-	453.6	0.0	3,675

Enrollment

The enrollment assumptions made in this budget are:

School Site	2015-16 Budget Estimate	2015-16 P2 Revised Budget	Est. 2016-17 Budget Estimate
MSA 1- Reseda*	542	537	537
MSA 2- Van Nuys*	485	487	487
MSA 3- Carson*	465	450	450
MSA 4- West LA	183	187	187
MSA 5- Reseda	150	150	175
MSA 6- Palms	168	169	180
MSA 7- Northridge	291	291	302
MSA 8- Bell	489	494	495
MSA Santa Ana	145	145	530
MSA San Diego	423	423	470
MSA Santa Clara	107	100	0
Total	3,448	3,433	3,813

*Renewing Charter during 2016-17

Student Body Statistics

Where possible, Magnolia schools are located in neighborhoods with a majority of historically underserved students. System-wide, in 2015-16 Magnolia's student body included:

77% Eligible for free or reduced lunch

69% Hispanic Non-White

09% Black or African American

15% White

03% Asian

05% Other or Multiple Races

14% Identified Special Education

10% English Learners

09% Students were in grades TK-5

67% Students were in grades 6-8

24 % Students were in grades 9-12

Estimated 2015-16 Graduation

As of June 1, 2015-16:

184 seniors

184 (100%) seniors graduated on time

177 (96%) seniors anticipated to be graduated having completed the courses (with a C or better) required for University of California eligibility

100 (54%) accepted to a 4-year college

74 (40%) accepted to a 2-year college

174 (95%) accepted to a 2 or 4-year college

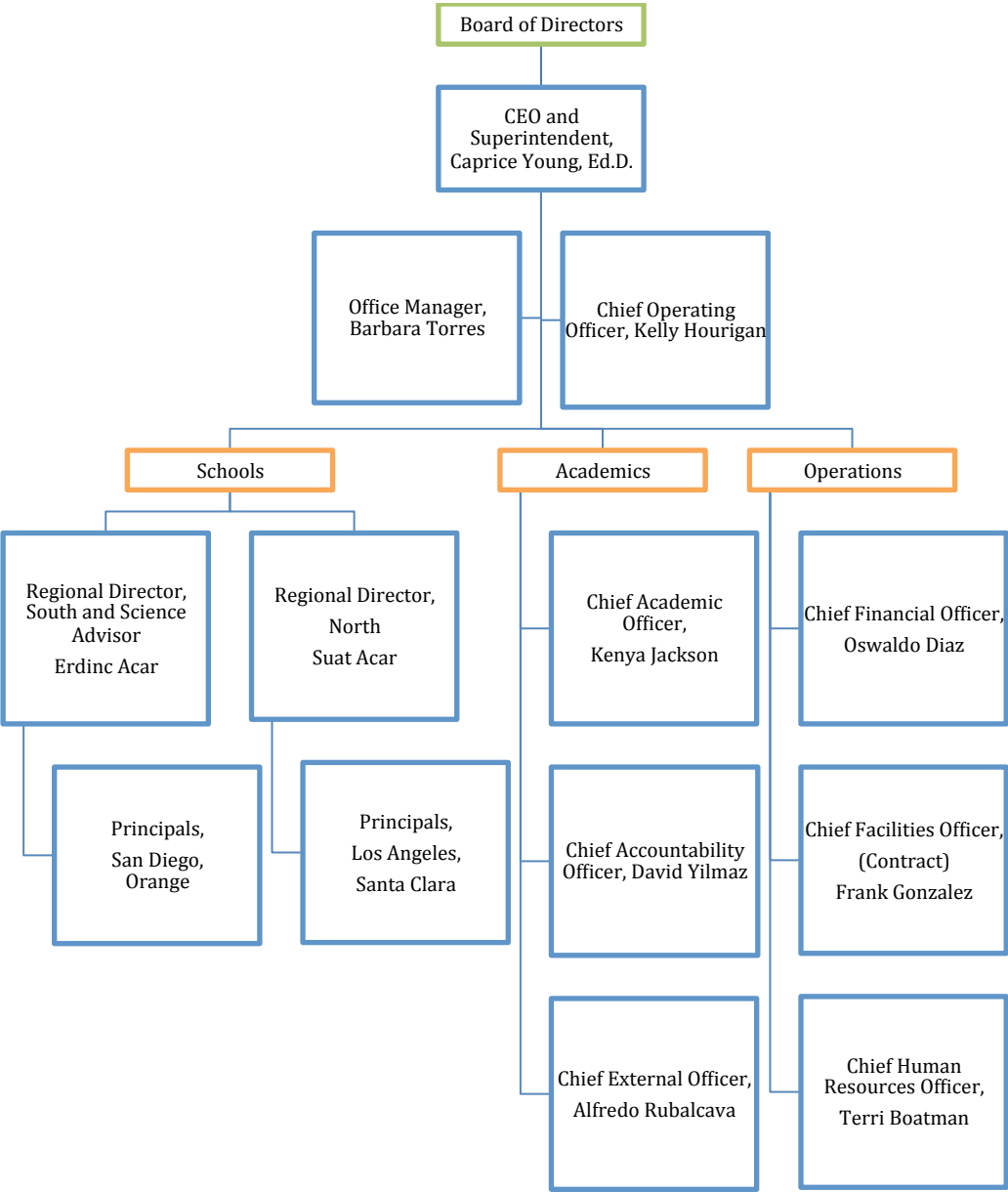
5 (3%) entering military

5 (3%) seniors continue to explore other options

The actual percentage of seniors admitted to four-year colleges was 54%; however, many have opted to attend community colleges during their first two years in order to save money. We are hoping that by helping for of our students receive scholarships and financial aid we will increase the percentage matriculating into four-year colleges from the start.

Organizational Structure

The 2015-16 leadership level organizational structure is below:



The 2016-17 home office budget will reduce the number of home office staff by five from 35.5 to 30 full time equivalent (FTE) positions.

Board Goals

Magnolia's number one goal is to ensure the academic success of all students. In addition, from an equity standpoint that means that all student subgroups will reach or exceed the percentile of proficient and advanced students reached by the state's highest performing subgroup in Math and English Language All students will graduate UC eligible even if they choose a different post-graduation path, and will have taken and passed at least one other college level course (Advanced Placement, International Baccalaureate, or other college course). Fiscal Year 2014-15 is the first and baseline year of measurement. Comparison scores for 2016-17 will be available in the fall.

Measure	Baseline 2014-15 (SBAC)
95% MPS High School Students Taking and Passing at Least One College Level Course	(This will be a future measure.)
% Of Highest State Subgroup Proficient or Advanced in Math	71%
% Of Highest State Subgroup Proficient or Advanced in English Language Arts	69%

In May 2015, the board established the ongoing minimum measures of organizational success (Data not weighted yet). Although not all of the data is in, it appears that out of 14 measures, we only reached six during 2015-16, so we have some work to do during 2016-17. Those measures are on the chart on the next page.

Goal	Benchmark	2014-15 Baseline	2015-16 Achievement	2016-17 Target
Achieve projected enrollment	3,962 June Projection	3,735	3,448 (Did not meet June Projection)	3,813
10% Increase in proficient and advanced in Math (MAP)	41.8%	38%	33% (Not Met)	36.3%
10% Increase in proficient and advanced in ELA (MAP)	55%	50%	47% (Not Met)	51.7%
10% Increase in proficient and advanced in ELA (SBAC)	46.6%	42%	49%** (Met)	54%
10% Increase in proficient and advanced in Math (SBAC)	36.5%	32%	32%** (Not Met)	36.5%
10% Increase proficient and advanced in Science (CA CST 8th)	69.3%	63%	53%** (Not Met)	69.3%
10% Increase in the percentage English Learner Redesignation Rate*	16.1%	14.6%	21%** (Met)	23.1%
Graduation Rate (State 81% Graduation, 42% College Eligible)	100% Grad and College Eligible	Not Available	100% grad rate (Met) 96% (Not Met)	100% Grad and College Eligible
Employee Satisfaction	> 75%	Insufficient Participation	79% (Met)	> 75%
Parent Satisfaction	>80%	Insufficient Participation	84% (Met)	>80%
Student Satisfaction	>80%	Not Available	Elementary: 80% (Met) Middle/High: 56% (Not Met)	>80%
Budget Stability	> P1 Revised Estimated Net Op Income	Met	(Not Met)	Positive Net Operating Income
Renewal of charters	All Renewals Successful	2/4	3/1 (Met)	Goal 3/3
Fiscal Responsibility	No Audit Exceptions	NA	(Met)	No Audit Exceptions

*New in 2016-17, the board defines new goals from time to time. **as of June 20, not all scores are in.

NWEA MAP Proficiency by School*

	Math				Reading			
	Fall 14	Win 15	Spr 15	Fall 15	Fall 14	Win 15	Spr 15	Fall 15
MSA1	35%	26%	29%	26%	45%	40%	45%	43%
MSA2	28%	35%	29%	28%	36%	40%	41%	43%
MSA3	30%	NA	26%	18%	45%	NA	50%	38%
MSA4	25%	21%	22%	20%	25%	34%	33%	26%
MSA5	10%	13%	6%	11%	12%	29%	31%	28%
MSA6	27%	29%	26%	22%	47%	57%	48%	47%
MSA7	NA	NA	NA	60%	NA	NA	NA	47%
MSA8	21%	28%	31%	20%	40%	44%	48%	35%
MSA SC	70%	NA	68%	77%	78%	NA	75%	86%
MSA SD	60%	41%	59%	56%	65%	75%	77%	73%
MSA SA	45%	41%	40%	42%	73%	75%	72%	63%
Total	38%		37%	33%	50%		54%	47%

* Total of Proficient and Advanced

Magnolia-wide NWEA Growth by Grade Level

Percent Met Projected Growth Targets
Fall 2014 to Fall 2015

Math		ELA	
Grade level	Growth	Grade level	Growth
7th grd	52%	7th grd	55%
8th grd	54%	8th grd	61%
9th grd	53%	9th grd	65%
10th grd	44%	10th grd	65%
11th grd	65%	11th grd	65%
Over All	53%	Over All	60%

School-wide Growth (NWEA MAP)

Percent Met Projected Growth: Fall 2014 to Fall 2015

Math

	7th	8th	9th	10th	11th	Overall
MSA1	52	58	60	26		51%
MSA2	79	74	73	63	76	75%
MSA3	39	30	50	52	62	43%
MSA4	36	46	46	28	52	42%
MSA5	36	38				37%
MSA6	55	67				61%
MSA7						NA
MSA8	61	62				62%
MSA SC	35	47				42%
MSA SA	33	47	33			41%
MSA SD	42	61				51%

ELA

	7 th	8th	9th	10th	11th	Overall
MSA1	64	55	68			62%
MSA2	61	70	92	89	70	72%
MSA3	40	51	47	48	59	48%
MSA4				65	69	67%
MSA5	74	40				66%
MSA6	51	76				65%
MSA7						NA
MSA8	45	53				49%
MSA SC	48	61				55%
MSA SA	59	54	47			53%
MSA SD	63	78				71%

School-wide Smarter Balanced (SBAC) Spring 2015 (Disaggregated 2016 not yet available)

ELA

	Overall	6th	7 th	8 th	11th	EL	SPED	Free/ Reduced	Hisp	White	Black
MSA1	36%	20%	15%	60%	62%	0%	9%	35%	33%	50%	0%
MSA2	29%	17%	36%	30%	42%	0%	6%	28%	27%	32%	25%
MSA3	22%	16%	14%	33%	31%	17%	0%	20%	21%	14%	23%
MSA4	36%	28%	22%	28%	69%	0%	14%	32%	29%	NA	36%
MSA5	18%	17%	23%	15%	NA	0%	0%	19%	18%	17%	13%
MSA6	41%	30%	29%	61%	NA	27%	7%	36%	36%	58%	55%
MSA7	49%	53%	42%	54%	NA	0%	22%	43%	41%	64%	40%
MSA8	38%	36%	31%	44%	NA	0%	10%	37%	39%	22%	NA
MSA SA	53%	47%	56%	44%	NA	29%	28%	47%	51%	58%	NA
MSA SC	67%	63%	65%	72%	66%	15%	NA	39%	29%	60%	50%
MSA SD	61%	62%	64%	56%	NA	7%	29%	53%	53%	64%	50%
All MPS	42%										
STATE	44%										

Math

	Overall	6th	7 th	8 th	11th	EL	SPED	Free/ Reduced	Hisp	White	Black
MSA1	24%	14%	20%	37%	31%	0%	2%	22%	20%	40%	0%
MSA2	26%	30%	22%	26%	26%	6%	10%	23%	24%	37%	8%
MSA3	13%	12%	12%	12%	16%	33%	3%	10%	15%	14%	10%
MSA4	13%	12%	3%	19%	16%	0%	7%	13%	10%	NA	0%
MSA5	5%	3%	12%	8%	NA	0%	0%	6%	4%	0%	0%
MSA6	27%	22%	22%	35%	NA	9%	7%	20%	22%	58%	39%
MSA7	43%	55%	35%	38%	NA	11%	23%	38%	38%	59%	0%
MSA8	21%	15%	21%	27%	NA	2%	4%	20%	22%	17%	NA
MSA SA	38%	42%	35%	37%	NA	43%	14%	23%	31%	45%	NA
MSA SC	66%	67%	64%	68%	70%	25%	NA	43%	29%	53%	35%
MSA SD	57%	68%	53%	51%	NA	0%	25%	46%	48%	61%	42%
All MPS	32%										
STATE	33%										

School-wide Science (CST) Spring 2015

Science

CST	5th	8th	11th	Overall	EL	SPED	Free/ Reduced	Hisp	White	Black
MSA1		58%	50%	54%	10%	37%	52%	52%	25%	100%
MSA2		49%	55%	51%	23%	26%	48%	45%	77%	20%
MSA3		63%	37%	53%	33%	12%	50%	46%	100%	56%
MSA4		39%	23%							
MSA5		16%		16%	0%	0%	16%	16%	NA	NA
MSA6		83%		83%	100%	100%	78%	81%	100%	89%
MSA7	72%			72%	0%	50%	68%	73%	67%	NA
MSA8		71%		71%						
MSA SA		66%	50%	60%	25%	33%	56%	56%	69%	NA
MSA SC		94%	68%	89%	20%	NA	62%	61%	88%	77%
MSA SD		84%		84%	0%	60%	78%	84%	80%	84%
All MPS	72%	62%	47%							
State	55%	63%	53%							

School Year 2015-16 In Review

While school year 2014-15 was a year of survival and defense, 2015-16 has been a year of rebuilding. We embarked on major projects that will extend into 2016-17 providing a foundation for strength going forward. The 2015-16 school year began with thirty percent of our instructional staff new to Magnolia as we began our implementation of the California Common Core curriculum in English and Math. During the course of the year we on boarded two new principals (one internally and one externally recruited). Our combined home office team successfully supported school sites through eleven authorizer reviews, four WASC accreditation reviews and one federal audit of title funds (MSA 3). The team supported the board in the establishment of a high quality governance model, including expanding from seven to nine board members. In May, we moved our headquarters from Westminster to Los Angeles in order to be more centrally located to our schools and major transit hubs.

Management

2015-16 has been a year of establishing sound business practices, systems, policies and procedures consistent with our commitment to the public's trust and our goal of becoming an organization people seek to join. We transitioned to a new back office financial system with our partner EdTec and completed the 2014-15 individual school and consolidated audits with a new auditor. We created a department of Human Resources with thorough compliance practices, added retirement programs for our home office staff, and developed a shared staff recruitment function. In addition, we began the phase one implementation of a new human resources information system. Our team completed implementation of the twelve recommendations of the 2015 State Auditor's Report, began support of a full year of FCMAT monthly financial oversight reviews, and improved document archiving.

In January, we strengthened our leadership structure by establishing a Chief Operating Officer role and two Regional Directors to ensure that investments made to improve programs and operations would be implemented well.

Our facilities team broke ground on the new Santa Ana school site, scheduled to be open on time in August 2016-17, negotiated acquisition of a new school site for our San Diego school, acquired the property adjacent to the MSA 1 school site in Reseda to support expansion of that school in 2017-18, and improved the Prop 39 and long term leasing arrangements of other schools. While as of June 1 we continue to face facilities challenges in Santa Clara, we are hopeful a resolution to return to our original neighborhood is imminent.

Examples of other management improvements include:

- Increased our attendance rate to the highest in Magnolia history, upwards of 97 percent;
- Won an Arts integration grant from the Annenberg Performing Arts Center for MSA-7;
- Established positive, open relationships with authorizers' staffs and began process of deeper outreach for longer term change;

- Earned an 18 month Murruration grant to fund Civic Engagement, including full-salaries to hire three (2.5 FTE) organizers;
- Established a transparent procurement process for contracts over \$25,000;
- Completed consolidated audit, adding comprehensive disclosures and notes;
- Completed initial revision of overall policies and procedures, with ongoing reviews in progress concurrent with EdTec; and,
- Implemented new payroll internal controls, and moved payroll to twice monthly payments to comply with California labor codes.

Instruction

After several years of low investment due to state economic recession, we initiated major improvements to our instructional program, including:

- Implementation of the California Common Core standards using the curriculum materials and resources provided by the board;
- Adoption of new, increased, salary schedules supporting the continued professionalism of our teachers and school site staff;
- Conducting two peer led professional development days uniting the instructional staff;
- Completion of our roll out of a comprehensive laptop program in all secondary schools;
- Thorough training and realization of our Positive Behavior Intervention System;
- Creation of a funding collaboration among our schools to improve English Learner outcomes;
- All schools are accredited, with the only school that will go through a full self-study next year is Santa Clara;
- Reached the lowest suspension and expulsion rates in Magnolia history because of the implementation of alternatives to suspension and PBIS;
- Implemented Chess instruction and Etiquette courses as part of turn around school culture and climate at MSA 3;
- Hired Director of Special Programs to support Special Education, Gifted and Talented and College and Career-track persistence;
- Magnolia students at MSA 1,2,3,5 and 6 have read 35,434,886 words, 11,362 books, 4,597 hours;
- Implemented successful programs at the schools such as MyOn, StudySync and ConnectEd from McGraw Hill;
- Established EL compliance protocols and implemented MPS EL Master Plan;
- Increasing usage of blended and online learning tools like FuelEd, Ironbox MyOn, StudySync and ConnectEd;
- Providing free summer school to over 1000 students, as well as many schools having active Saturday schools;
- First full implementation of state smarter balanced (SBAC) testing;
- Continued utilization of NWEA MAP formative assessments;
- Expansion of Edge Coaching for students of all levels performing below their potential;

- Financially supporting the higher education of employees working on advanced certifications and degrees in education;
- Implemented a “Nearly Met” strategy to increase proficiency on 2017 SBAC across 11 schools; schools also promoted positive test taking cultures (contest, posters, assemblies) to encourage all students to do their best;
- Held first annual STEAM EXPO with more than 300 participants, including two board members and keynote speaker from Arts for All; and
- Initiation of the move to thoroughly include arts in our programs starting with elementary school.

We have conducted home visits and had students participating in dozens of STEAM related contests and competitions, all continued commitments integral to who we are as Magnolia Public Schools.

Leadership

During 2015-16, Magnolia took on major new roles as an innovator and strengthener of K-12 education. For example, a cross section of staff, parents and students formed an XQ Super School team in collaboration with an extensive core group of community institutions including the Mount Wilson Observatory, the Larta Institute, the Los Angeles Kings (of the National Hockey League), and the Los Angeles City Council. This XQ team has made it into the finals of a \$50 million national competition to rethink high school. Although the competition has not yet been completed, we have already begun implementation of groundbreaking new work, including the first Next Generation Science Standards driven lessons and field trips with CalTech trainer professors and the staff and board members of the Mount Wilson Observatory Foundation.

News of our schools site and organization-wide leadership has received increased attention through a full upgrade of our website and expanded focus on media relations and stakeholder engagement. Our students, parents and staff have visited Sacramento and Washington, D.C., meeting with elected officials and their staff to spread the word about the outstanding work of our schools and to advocate on behalf of our families.

Over the last four years, Magnolia has taken a leadership position in serving special education students. We have been active members of four Special Education Local Planning Areas, with our CEO & Superintendent elected to the Executive Council of the LAUSD SELPA COP3 this year. We have received special grants for our piloting work in co-teaching. In addition, COO Kelly Hourigan presented to a National Conference on Special Education.

MSA 1’s partnership with the City of Los Angeles, the Reseda Neighborhood Council and the Los Angeles Kings has continued to build a new athletics facility that will include two ice rinks, a small soccer field, and a gym with a CIF standard basketball/volleyball court. Our own principal Mustafa Sahin sits on the Great Streets board helping to lead the redevelopment on Sherman Way.

Excellence

Our students and teachers continue to rise to every challenge. The big news was MSA 2 winning the Gold award in the US News and World Report Rankings, making it the highest performing high school in Los Angeles. MSA 1 won the silver award in the same rankings. Our first trip to the world championships for our VEX robotics team took place, with our team returning eager to have a Magnolia win of the World Championships next year. Two of our Sixth graders won the Los Angeles County Science Fair. Others won academic decathlons, Congressional awards, Olympiad Genius, Math and Science awards, robotics contests, poetry contests, the Los Angeles Latino Heritage App competition, AMC math, music in the park, Synopsis Science Fair, sports and the Sea Perch event, among many more. A longer list of student excellence highlights is contained in the school synopses.

Home Office Budget

The role of the Home Office is first and foremost to insure the governance, financial, operational and instructional integrity of the organization. Because we are responsible for the stewardship of the public trust both in terms of tax dollars and the safety and education of students, the primary role of the Home Office is to uphold that trust. While the activities that support this goal are not necessarily observable to the schools on a day-to-day basis, because they tend to involve maintenance of records, processes and procedures, without upholding this duty, Magnolia does not have a right to exist. In fact, when this work is most successful, it is so routine and efficient, that the school sites can take it for granted, concentrating instead on the most important work we do: educating students. The number one goal of the Home Office during 2016-17 is to make this stewardship effective. In other words, we want to make things that should be routine actually become routine.

Our board leadership has taken great strides during 2015-16 to establish effective governance. During 2016-17, the staff will improve its partnership in this effort by providing better staffing of the committees and more timely documents for decision-making. This is work that is led by the CEO & Superintendent, but involves the entire leadership team’s efforts to go well. On a regular basis, the department chiefs regularly spend at least three to five days per month each preparing for and following up from board meetings. This is not only in support of our board’s decision-making process, but integral to maintaining transparency to the public and our own stakeholders. The governance process extends to the school sites in the context of our parent task forces and other local governance processes that establish the priorities of our individual school sites as expressed both in our Local Control and Accountability Plans and the day-to-day efforts. The Chief External Officer plays a key role in supporting these community engagement practices on school sites.

Governance work also extends to interaction on an ongoing basis with the oversight bodies that authorize and review our work. During 2016-17, we will support eleven annual oversight reviews from our authorizers, three renewals, accreditation visits and various audits. The Home Office team supports the schools in producing more than sixty-five regular reports per school site per year of different kinds to various agencies. These range from monthly attendance reporting, to financial reports and statistical breakdowns of our student data.

The Home Office is responsible for a broad range of financial and operational functions. The list below, while not exhaustive, provides an idea of the range of activities that fall under financial and operational responsibilities.

Accounting	
	Accounts Payable
	Accounts Receivable
	ACH/Wire transfers

	Approvals
	Business Card Management (AmEx)
	Cash Management
	Chart of Accounts Management
	Charter School Facilities Incentive Grant Reporting
	Coding (Revenue, Expense, Object/Line Item, Location, Project, Resource)
	Contracts Review
	Deferral Exemption Application (when needed)
	Deposit Reviews
	Emergency Payments
	Form 1099
	Fund Accounting
	General Accounting (encompasses many responsibilities)
	Intra Company Loan Tracking and Reconciliations
	Procurement
	Property Inventory
	Purchasing Account Management (Amazon, Staples, Postage, etc.)
	Revenue Collection (e.g. Proof of Residency)
	RFP and Bidding Process Management
	Taxes (990s, property tax waivers)
	Treasury/Investment Management
	Vendor Relations
Personnel	
	Staff Recruitment, Career Development and Evaluation
	Leadership Development
	Staff Troubleshooting and Legal Matters
	401k (retirement programs)
	Benefits Management
	Compensation Analysis
	Credentials Management
	Form 700s Management
	Health Coverage

	Immigration Process/Docs Management
	Payroll
	PERS/STRS
	Position Control
	TB/DOJ Management
Budget	
	Board Reporting
	Budget Monitoring
	Budget Preparation
	Budget Projections and Sensitivity Analysis
	Monthly Financial Review
Audit	
	Annual Schools and Consolidated Audits
	Assurance Certification
	FCMAT
	Federal Single Audits
	Internal Controls Compliance
	Special/Categorical Funding Audits
	Specialized Audits and Investigations
	State Auditor Follow Up
	Unaudited Financials
School Reporting and Compliance (financial portion)	
	2016-17 Annual Funding Survey
	504/IEP Plans and Reporting
	Advocacy and Outreach Plans (Internal)
	After School Grants
	Annual Site Visits by Authorizers
	Assessment Plans (Internal)
	Attendance Tracking and Reporting/Norm Data
	Calendar planning (Internal)

CalPADs
CBEDs
Charter
Charter Development and Renewal
Charter MOU
Civil Rights Data Collection
Com App (CARS)
Curriculum Maps/pacing guides (Internal)
E-Rate CIPA school admin certification (LAUSD Prop 39 schools)
EL Master Plan Certification
EPA
HS Student Grade Reporting to the Student Aid Commission
Instructional calendar for 2016-17
Interim Placement MOU (LAUSD)
Intervention Plans (Internal)
LA Homeless Student Count
LCAP
LEA (SSD) will be in LCAP in 2018
Lottery and Enrollment Forms and Reporting
Math Placement Reporting (2016-17 start)
Monthly Meal Count Reports
Monthly Notification of School Withdrawals
Oral Health Assessment
P1/P2 reporting
Parent, Student, Teacher Survey and Reporting
PENSEC
PI/P2 related reporting/etc.
Professional Development Plans (Internal)
SARC
School Contact Information Update and Governing Board Meeting Dates Calendar
School Site Council and ELAC Reporting
School-based Medi-Cal Administrative Activities
Science Testing and Reporting

	SERS (Staff Evaluation Reporting System)
	SES Reporting
	Smarter Balance Testing and Reporting
	SPED Plan(s)
	SPED Self-Review Checklist
	SPSA (Single Plan for Student Achievement, LOL) will be in LCAP in 2018
	Student Recruitment Plans
	Suspension and Expulsion Data Collection Report
	T-Dap Reporting
	Title III Immigrant Annual Survey
	Title III LEP Annual Survey
	WASC
Grants Management and Reporting	
	Asbestos Management Plan
	ASES
	Bond Quarterly Reporting
	CMO Fee Management
	eRate Tech Plan
	Fed Single Audit
	Grant Reporting
	Grants Development/Fundraising
	MPM Support
	PCSGP reporting
	Safe Schools Plans
Management and Governance	
	Banking Relationships
	Collaboration with Charter Job Alike Peers
	Finance Committee Management
	Finance related board reports
	Financial policies updating
	Fiscal Analysis

	FOIA Requests
	Home Office General Management
	Internal and External Customer Service
	Legal Services Optimization
	Ongoing staff training
	Registrations (D&B, SAMS, etc.)
	Regulator Relationship Management
	Remaining Current on Legal Requirements and Best Practices
	Special Projects (e.g. 2nd c3 resolution)
	Strategic Planning
	Troubleshooting
Debt Management	
	Bond Disclosure Reporting
	Bond Holder Relations
	Capital Planning
	Construction Project Management
	CSFA/SAB Relationship and Reporting
	Facilities Financing
	Facilities Plan
	Lease Management
	Prop 39 Management
	S&P (Rating Agencies)
	Site Facilities Options Analysis
	State Revolving Loan Applications and Reporting
	Underwriter Management
Operational Technology	
	Core Financial System
	HRIS
	Network Management
	Payroll
	POS

	Procurement/Approvals
	Student Information and Instructional Systems
Risk Management	
	Emergency Planning/Follow Up
	Insurance Coverage
	Local, State and Federal Regulatory Compliance Reviews
	Records Management and Document Control
	School Site Reviews (Annual)
	Technology Security

When Magnolia was smaller, two or three schools, it was possible for school site collaboration to drive most of the instruction and curriculum matters. As the number of schools has increased, the role of the Home Office from an instructional standpoint has become one of responsibility for insuring that all of our school sites reflect the academic program quality and student success to which Magnolia is committed. The Academic team plays a strong role in both supporting and holding school sites accountable. In addition, with a significant percentage of our faculty being not only new to Magnolia, but also new to teaching, the Academic team guides the school leadership in providing professional development that includes training, seminars, professional sharing, and in-classroom coaching. Moreover, during 2015-16, the Home Office and school leadership established multi-site collaborations to improve our programs for English Learners, Gifted and Talented students, college-going culture, positive behavior intervention, special education, and family engagement.

Also contributing to our academic success and learning culture, our Communications Department works closely with school site Deans of Culture to increase multi-directional communication with various stakeholders and organizations. As we have experienced, the greater our communication and positive relationships with the general community, the stronger become our school sites and the more protected we are from the political swings that constantly threaten the charter school movement. The communications department also works to expand collaborations and access to external grants and resources. One example of this is our grant from Muration that supports three community organizers working with five school sites to expand civic engagement. Other examples include our expanding relationships with arts organizations driving the deepening of the Arts portion of our STEAM mission. In addition, Magnolia receives funding from the Larta Institute in exchange for advising National Science Foundation education technology grantees requiring advice and consultation directly from K-12 schools. This not only provides about \$20,000 annually in revenue, it creates the opportunity for our Home Office and school site staff to understand the cutting edge work being done in our field.

Finally, the Home Office also is responsible for providing specialized expertise to the schools with regards to facilities and facilities financing. This is an area where it is inefficient for the schools to hire the support themselves and requires financial and operational planning organization wide. Firms that provide facilities development from the planning stage through financing and construction routinely charge eight to ten percent of the overall project costs. Our two-person team is remarkably efficient, providing expertise that would be prohibitively expensive for well under five percent of our project costs. In addition, our Home Office team is responsible for growth planning and implementation, an effort that we postponed during 2015-16 due to the need to focus first on stabilizing existing schools and routine operations. Our hope is that during 2016-17, we will be able to reconsider growth on a limited basis to ensure that when we grow we do so with quality in every area of operations academic achievement and leadership consistent with our board and stakeholders' high expectations.

Home Office (CMO) Fee Allocation

Total Home Office expenses excluding direct payroll costs, contingency reserves and grant funded programs amount to \$5,661,973 or 13.42% of total school revenue. Home Office fees allocated directly and indirectly to the school sites amount to \$6,242,850 and make up 14.79% of total school revenue, and contains direct payroll allocations, indirect cost allocations, and a five percent (5.0%) contingency reserve for economic uncertainty. 14.14% percent of our overall non-capital budget totaling \$5,966,395 is allocated to school site budgets using a formula that takes into account enrollment and school development stages. it is common for Magnolia to waive or reduce the allocation during school growth or start-up years in order to insure that the instructional program is sound during foundational development. Most of the fees are based on an allocation of the home office expenses to support and oversee the schools. Some direct expenses (\$276,455) are charged directly to individual schools for expenses that are not shared across all schools, specifically regional, special education and English Language Learners management. Facilities management is charged directly to capital projects.

Current Fee Structure (includes 5% reserve)								
	FY16-17 Budgeted ADA	Total Budgeted FY16-17 Revenues*	Budgeted FY16-17 Net Income - Before CMO Fee	CMO Fee - Current Calculation	Indirect Fee	Direct School Specific Changes	Budgeted FY16-17 Net Income (Loss) - Current CMO Fee	CMO Fee as % of Revenue
MSA-1	518	6,962,022	1,161,847	1,010,664	972,192	38,472	151,182	14.5%
MSA-2	470	5,336,796	1,159,722	1,007,082	972,192	34,890	152,640	18.9%
MSA-3	434	5,557,630	1,257,289	914,224	881,049	33,176	343,065	16.4%
MSA-4	181	2,196,660	275,153	86,175	72,914	13,260	188,978	3.9%
MSA-5	165	1,877,220	100,303	84,597	72,914	11,683	15,706	4.5%
MSA-6	174	1,951,493	379,315	85,400	72,914	12,485	293,915	4.4%
MSA-7	291	3,700,444	682,568	628,880	607,620	21,260	53,688	17.0%
MSA-8	478	5,353,920	1,070,920	1,007,450	972,192	35,258	63,471	18.8%
MSA-SA	512	5,374,262	455,196	1,005,424	972,192	33,233	(550,228)	18.7%
MSA-SD	454	3,875,905	599,831	412,955	370,217	42,738	186,876	10.7%
Total	3,675	42,186,353	7,142,145	6,242,850	5,966,395	276,455	899,295	14.8%

* includes all revenues

CMO operational cost per pupil for fiscal year 2016-17 is projected at \$1,485 (\$5,661,973 divided by 3,813 students) and \$1,565 if contingency reserves are added to the calculation. The per pupil CMO costs are lower if compared with other CMO peers in tier 2 of \$2,415 and larger CMOs in tier 3 of \$1,604.

Cost Per Pupil

Description	MERF Expenses	Cost Per Pupil
Total Home Office Operational Expenses	5,661,973	1,485
Total Home Office Direct Payroll Allocation	276,455	73
Contingency Reserves	304,421	80
Total Home Office Expenses (Excluding Grant Funded Programs)	6,242,849	1,637

Home Office 2016-17 Budget

Magnolia Public Schools

FY16-17 Budget Summary

Updated 7/7/16

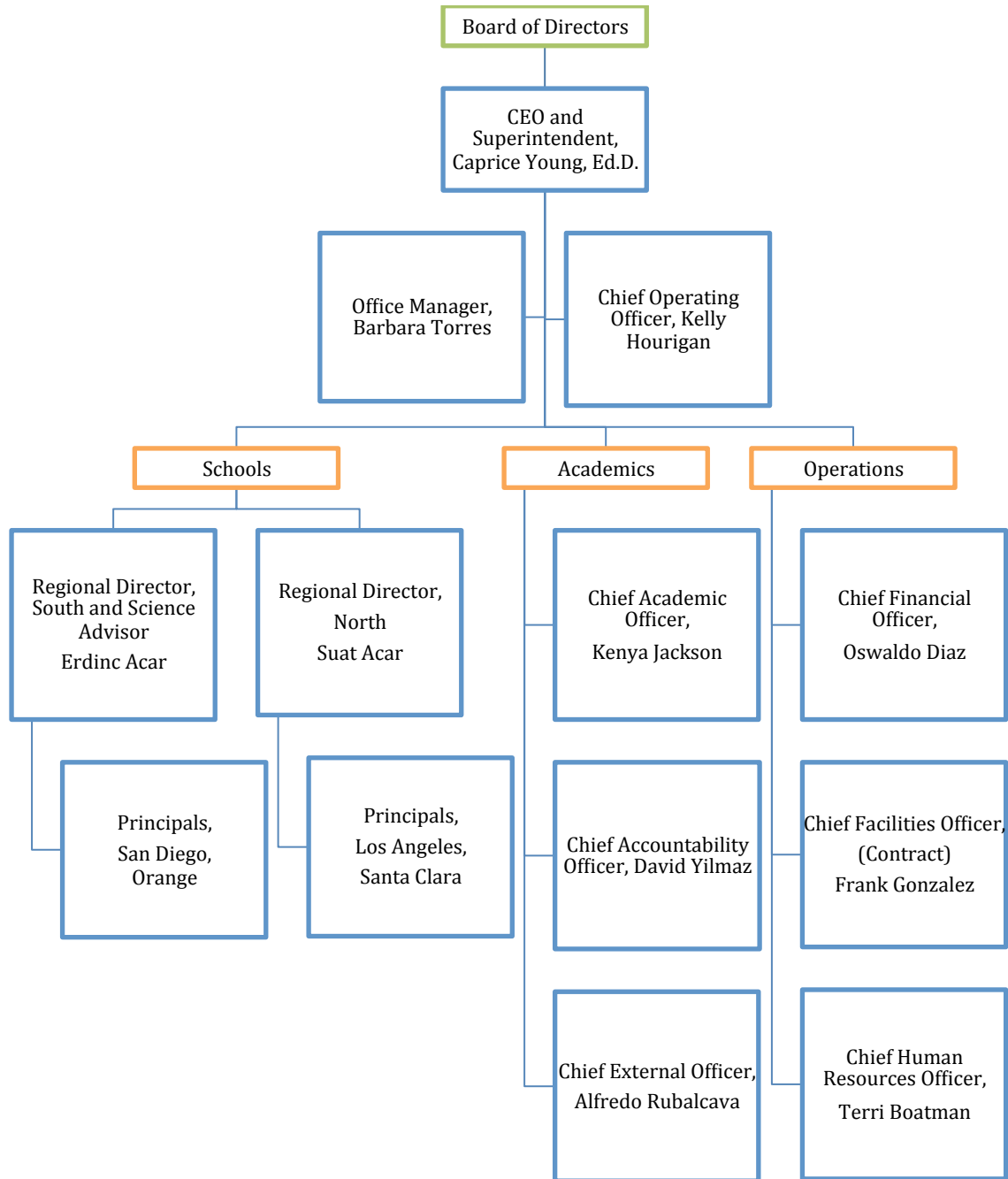
	2015/16	2015/16	2016/17	2016/17	Variance FY16-17	
	Approved Budget - MERF	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget	% Change
SUMMARY						
Revenue						
Local Revenues	4,727,533	5,222,727	5,208,150	6,242,850	1,034,700	20%
Fundraising and Grants	250,000	250,000	250,000	150,000	(100,000)	-40%
Total Revenue	4,977,533	5,472,727	5,458,150	6,392,850	934,700	17%
Expenses						
Compensation and Benefits	2,778,672	2,894,228	2,894,228	3,467,487	573,258	20%
Books and Supplies	87,874	115,951	105,290	75,821	(29,469)	-28%
Services and Other Operating Expenditures	2,091,472	2,454,670	2,428,089	2,537,455	109,366	5%
Depreciation Expense	7,666	7,666	-	7,666	7,666	
Total Expenses	4,965,684	5,472,514	5,427,607	6,088,428	660,821	12%
Operating Income (excluding Depreciation)	19,515	7,878	30,543	312,087	281,545	922%
Net Income (including Depreciation)	11,850	212	22,877	304,421	281,545	1231%
Fund Balance						
Beginning Balance (Unaudited)	689,915	689,915	689,915	35,855	(654,060)	-95%
Audit Adjustment	-	(654,272)	(654,272)	-	654,272	-100%
Beginning Balance (Audited)	689,915	35,643	35,643	35,855	212	1%
Operating Income (including Depreciation)	11,850	212	22,877	304,421	281,545	1231%
Ending Fund Balance (including Depreciation)	701,765	35,855	58,520	340,276	281,757	481%
Ending Fund Balance as a % of Expenses	14%	1%	1%	6%	5%	

School Information

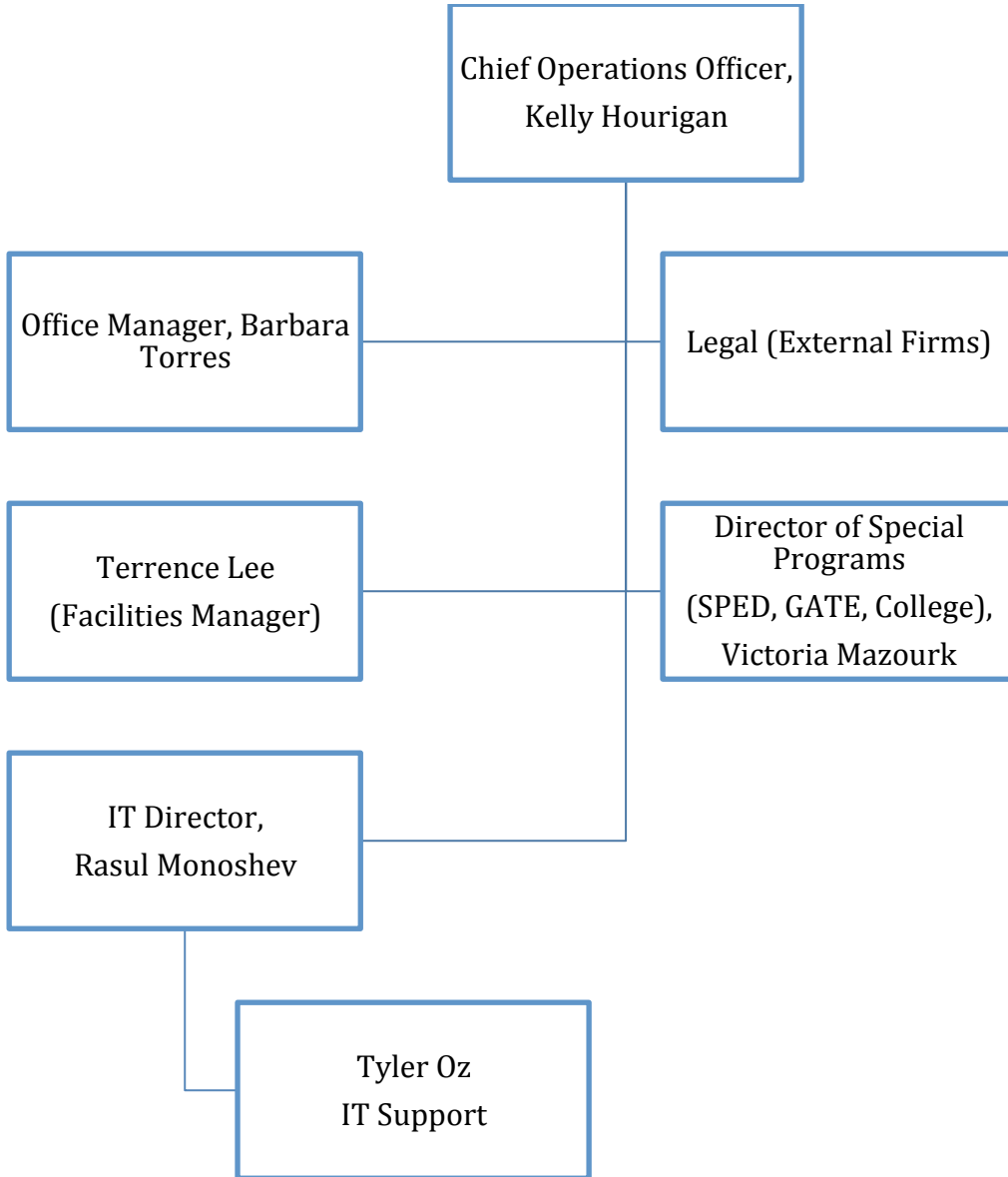
FTE's	31	43	43	44		0%
Inflation Rate	0	0	0	0		0%
8690 Other Local Revenue	-	200	200	-	(200)	-100%
8699 All Other Local Revenue	-	14,577	-	-	-	
8701 CMO Fee - MSA-1	873,103	898,657	898,657	972,192	73,535	8%
8702 CMO Fee - MSA-2	873,103	1,077,532	1,077,532	972,192	(105,340)	-10%
8703 CMO Fee - MSA-3	873,103	873,103	873,103	881,049	7,946	1%
8704 CMO Fee - MSA-4	163,707	240,368	240,368	72,914	(167,453)	-70%
8705 CMO Fee - MSA-5	65,483	101,258	101,258	72,914	(28,343)	-28%
8706 CMO Fee - MSA-6	65,483	126,820	126,820	72,914	(53,906)	-43%
8707 CMO Fee - MSA-7	545,689	545,689	545,689	607,620	61,930	11%
8708 CMO Fee - MSA-8	873,103	949,764	949,764	972,192	22,428	2%
8709 CMO Fee - MSA-SA	60,000	60,000	60,000	972,192	912,192	1520%
8711 CMO Fee - MSA-SC	-	-	-	-	-	
8712 CMO Fee - MSA-SD	334,759	334,759	334,759	370,217	35,458	11%
8713 Direct CMO Fee (Shared Staff)	-	-	-	276,455	276,455	
SUBTOTAL - Local Revenues	4,727,533	5,222,727	5,208,150	6,242,850	1,034,700	20%

Organizational Chart

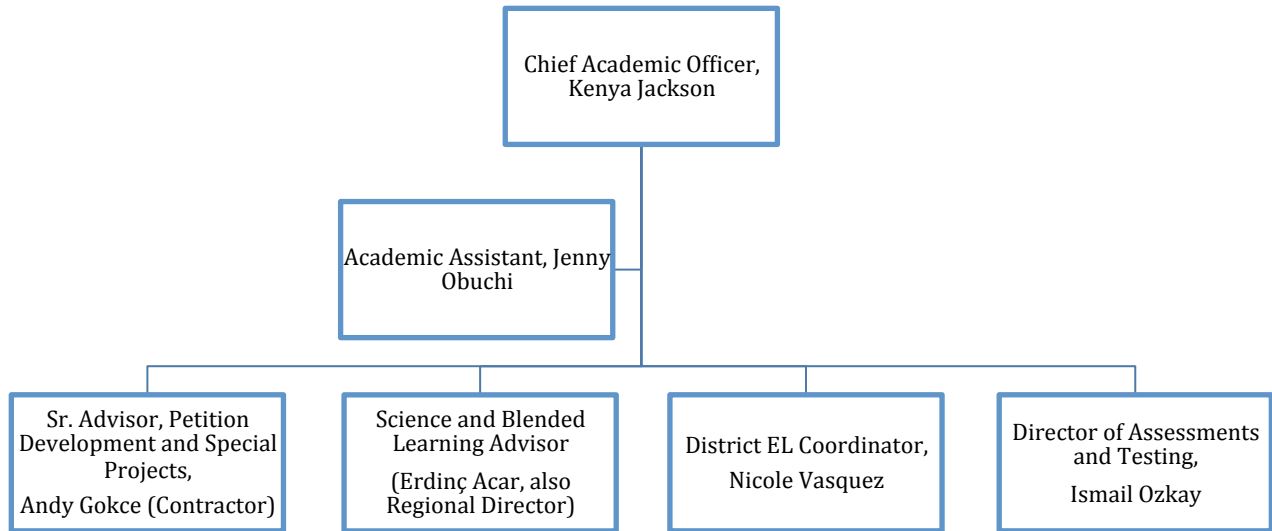
Leadership Structure



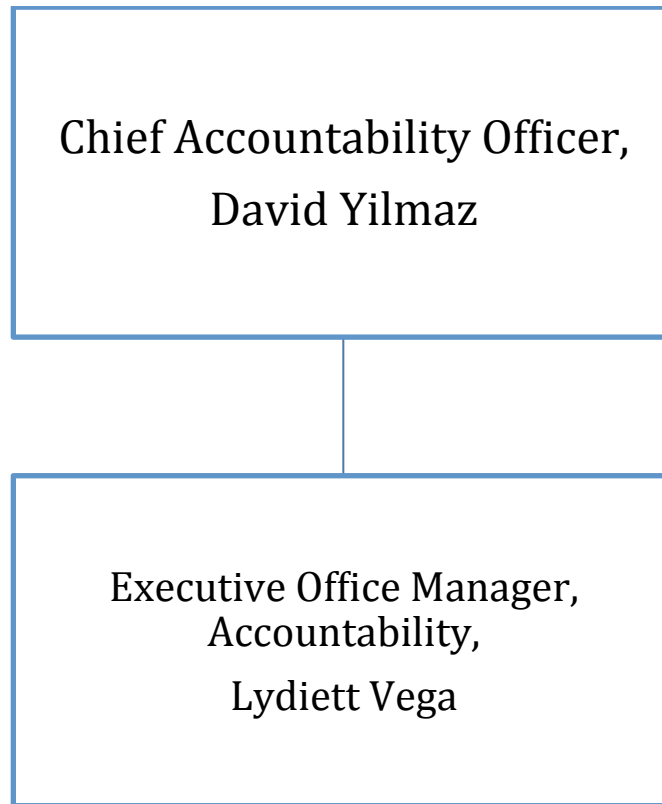
Chief Operations Officer

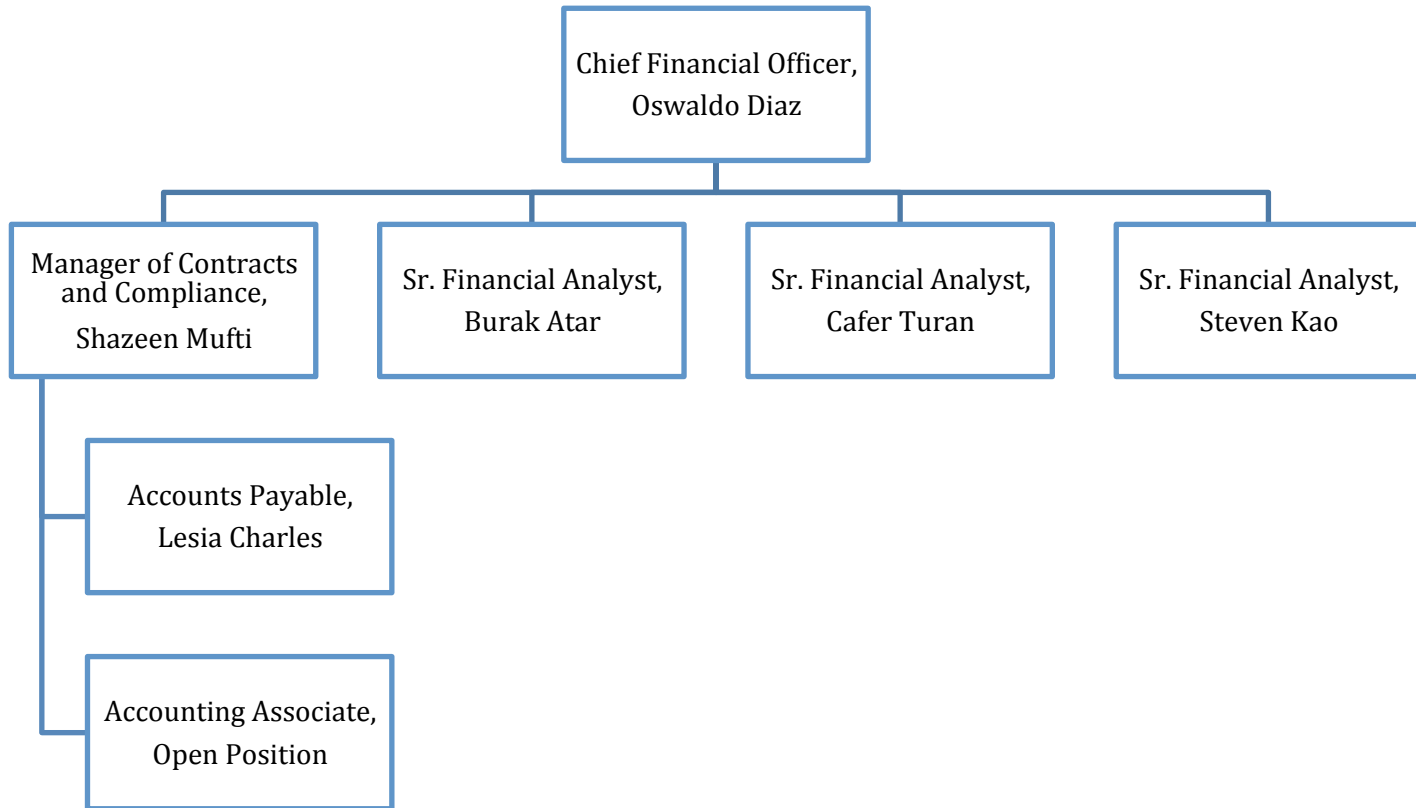


Chief Academic Officer

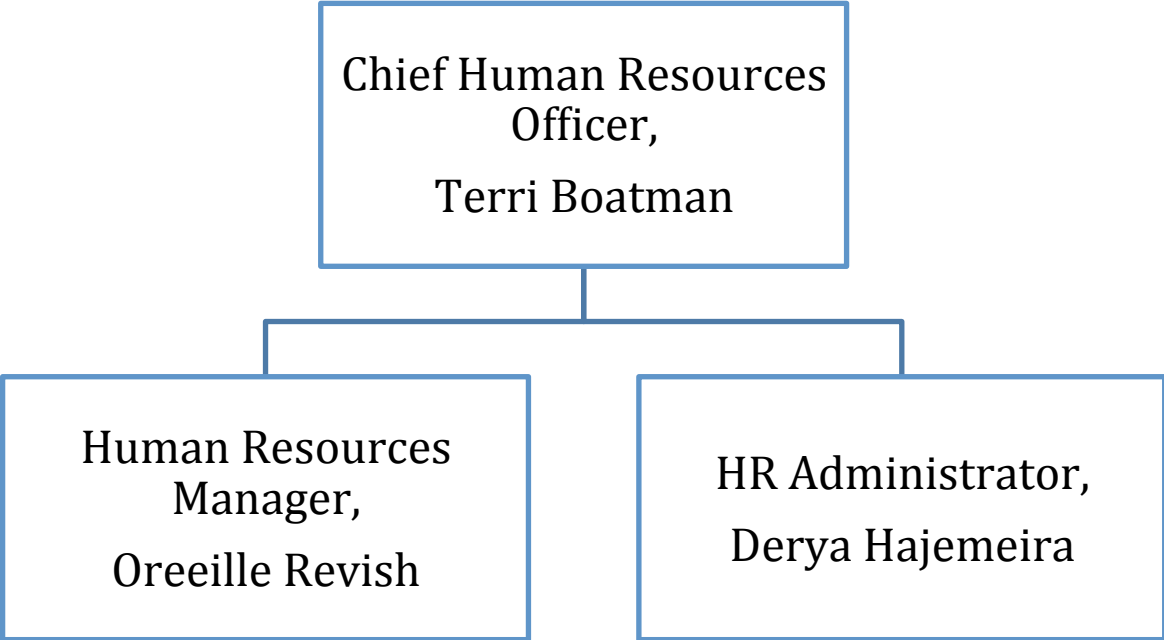


Chief Accountability Officer

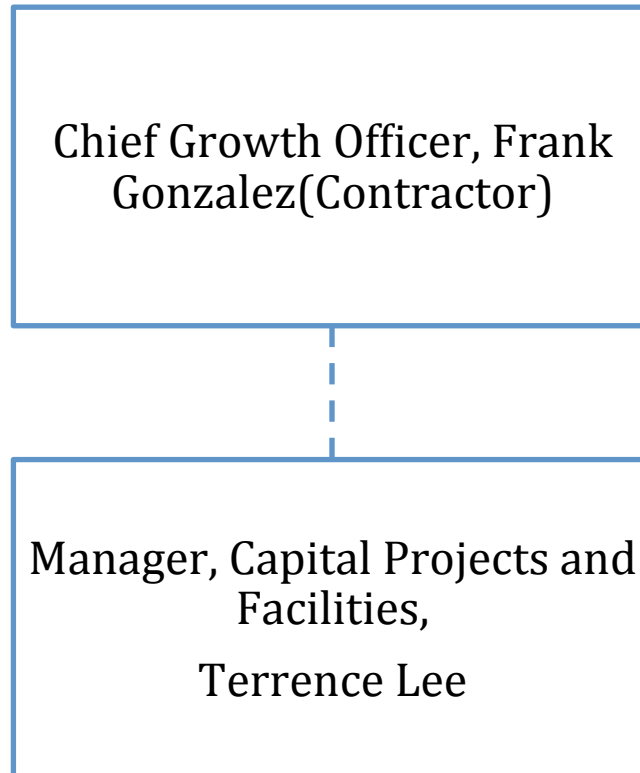




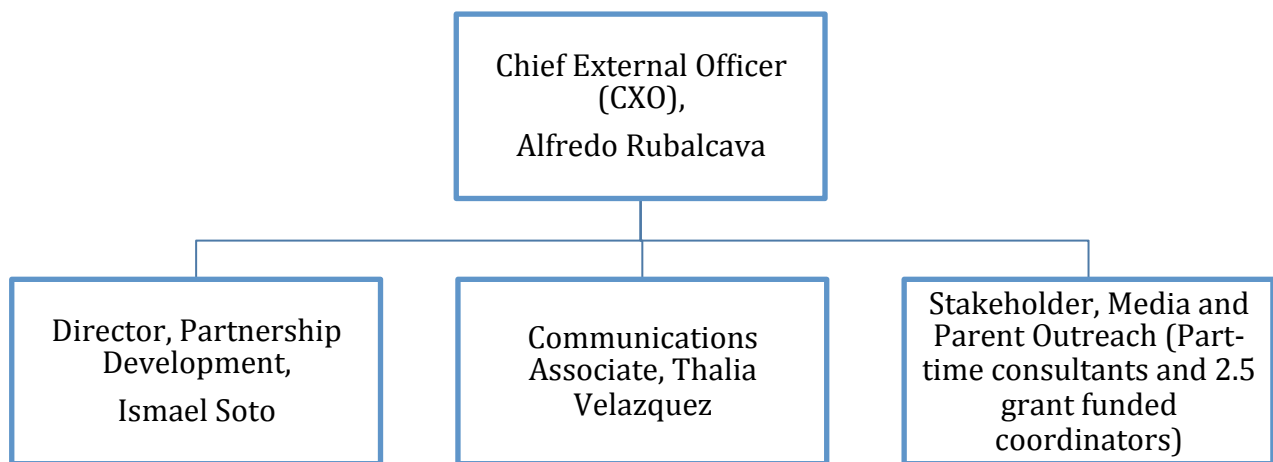
Human Resources



Chief Growth Officer



Chief External Officer



Budget Detail

Wagnotia Public Schools

FY16-17 Budget vs. FY15-16 Forecast (Consolidated)

Updated 7/7/16

	2015/16	2016/17	2016/17	Variance FY16-17
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget
Revenue				
General Block Grant	28,676,081	33,973,833	33,973,833	-
Federal Revenue	2,983,168	3,351,378	3,351,378	-
Other State Revenues	13,352,464	4,188,587	4,188,587	-
Local Revenues	5,882,238	5,648,186	6,682,887	1,034,700
Fundraising and Grants	546,770	482,518	382,518	(100,000)
Total Revenue	51,440,721	47,644,503	48,579,203	934,700
Expenses				
Compensation and Benefits	23,190,600	25,026,724	25,599,982	573,258
Books and Supplies	4,374,725	3,299,971	3,270,502	(29,469)
Services and Other Operating Expenditures	16,621,360	17,572,378	17,681,744	109,366
Depreciation Expense	376,864	815,593	823,259	7,666
Total Expenses	44,563,549	46,714,665	47,375,487	660,821
Operating Income (excluding Depreciation)	7,254,036	1,745,430	2,026,975	281,545
Net Income (including Depreciation)	6,877,172	922,172	1,203,716	281,545
Excluding Prop 1D Revenue (MSA-SA)	210,891	922,172	1,203,716	281,545
End Balance				
Beginning Balance (Unaudited)	13,218,702	19,752,105	19,120,710	(631,395)
Audit Adjustment	(577,339)	(654,272)	-	654,272
Beginning Balance (Audited)	12,641,363	19,097,833	19,120,710	22,877
Operating Income (including Depreciation)	6,877,172	922,172	1,203,716	281,545

	2015/16		2016/17		2016/17		Variance FY16-17	
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget	Approved Budget vs. FY16-17 Proposed Budget	
Ending Fund Balance (including Depreciation)	19,518,535	20,020,005	20,324,427	20,020,005	20,324,427	304,421	304,421	5%
Ending Fund Balance as a % of Expenses	44%	498%	503%	498%	503%			
Enrollment Summary								
	184	364	364	364	364	-	-	
K-3								
4-6	851	950	950	950	950	-	-	
7-8	1,559	1,612	1,612	1,612	1,612	-	-	
9-12	839	887	887	887	887	-	-	
Total Enrolled	3,433	3,813	3,813	3,813	3,813	-	-	
Total ADA	3,306	3,675	3,675	3,675	3,675	-	-	
	0							
LCFF Entitlement								
011	16,706,485	21,594,623	21,594,623	21,594,623	21,594,623	-	-	
012	4,210,784	4,523,142	4,523,142	4,523,142	4,523,142	-	-	
096	7,756,789	7,856,068	7,856,068	7,856,068	7,856,068	-	-	
	-							
	28,676,081	33,973,833	33,973,833	33,973,833	33,973,833	-	-	
	-							
Federal Revenue								
00								
81	583,017	609,428	609,428	609,428	609,428	-	-	
020	838,923	997,755	997,755	997,755	997,755	-	-	
091	981,165	1,086,273	1,086,273	1,086,273	1,086,273	-	-	
092	23,859	30,111	30,111	30,111	30,111	-	-	
093	46,918	52,733	52,733	52,733	52,733	-	-	
096	253,551	575,079	575,079	575,079	575,079	-	-	
SUBTOTAL - Federal Income	2,983,168	3,351,378	3,351,378	3,351,378	3,351,378	-	-	

	2015/16	2016/17	2016/17	Variance FY16-17
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget
Other State Revenues				
i00 Special Education - Entitlement (State)	1,786,874	2,017,772	2,017,772	-
i20 Child Nutrition - State	71,843	78,970	78,970	-
i45 School Facilities Apportionments	770,751	798,803	798,803	-
i50 Mandated Cost Reimbursements	1,978,138	71,577	71,577	-
i60 State Lottery Revenue	598,466	595,378	595,378	-
i93 ASES	664,746	626,088	626,088	-
SUBTOTAL - Other State Income	13,352,464	4,188,587	4,188,587	-
Other Local Revenue				
i00 Food Service Sales	28,427	36,016	36,016	-
i34 Uniforms	126,660	71,060	71,060	-
i60 Interest	2,323	2,369	2,369	-
i82 Summer Program	152,493	85,000	85,000	-
i90 Other Local Revenue	59,200	52,221	52,021	(200)
i93 Field Trips	70,000	68,650	68,650	-
i99 All Other Local Revenue	91,787	26,473	26,473	-
'01 CMO Fee - MSA-1	898,657	898,657	972,192	73,535
'02 CMO Fee - MSA-2	1,077,532	1,077,532	972,192	(105,340)
'03 CMO Fee - MSA-3	873,103	873,103	881,049	7,946
'04 CMO Fee - MSA-4	240,368	240,368	72,914	(167,453)
'05 CMO Fee - MSA-5	101,258	101,258	72,914	(28,343)
'06 CMO Fee - MSA-6	126,820	126,820	72,914	(53,906)
'07 CMO Fee - MSA-7	545,689	545,689	607,620	61,930
'08 CMO Fee - MSA-8	949,764	949,764	972,192	22,428
'09 CMO Fee - MSA-SA	60,000	60,000	972,192	912,192
'11 CMO Fee - MSA-SC	-	-	-	-
'12 CMO Fee - MSA-SD	334,759	334,759	370,217	35,458
'13 Direct CMO Fee (Shared Staff)	-	-	276,455	276,455

	2015/16	2016/17	2016/17	Variance FY16-17
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget
'14 Opt3 Grants	137,360	98,447	98,447	-
'20 Refunds	5,738	-	-	-
SUBTOTAL - Local Revenues	5,882,238	5,648,186	6,682,887	1,034,700
100 Donations/Fundraising				
102 Donations - Private	313,815	267,818	167,818	(100,000)
103 Fundraising	232,950	214,700	214,700	-
SUBTOTAL - Fundraising and Grants	546,770	482,518	382,518	(100,000)
TOTAL REVENUE	51,440,721	47,644,503	48,579,203	934,700
(PENSES				
Compensation & Benefits				
Certificated Employees Summary				
00 Teachers Salaries	10,678,306	12,048,705	12,048,705	-
100 Certificated Supervisor & Administrator Salaries	3,208,270	3,199,493	3,441,125	241,633
SUBTOTAL - Certificated Employees	13,886,576	15,248,197	15,489,830	241,633
Classified Employees Summary				
100 Classified Clerical & Office Salaries	3,046,900	3,003,636	3,108,305	104,668
100 Classified Other Salaries	1,447,168	-	-	-
SUBTOTAL - Classified Employees	4,494,067	4,385,205	4,600,712	215,507
100 Employee Benefits				

	2015/16	2016/17	2016/17	Variance FY16-17
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget
00	1,430,201	1,818,945	1,853,927	34,982
00	183,290	187,112	187,112	-
00	588,909	610,847	629,533	18,686
00	2,243,629	2,461,087	2,501,888	40,800
00	59,613	24,093	21,696	(2,397)
00	215,139	221,426	225,998	4,571
00	68,174	69,811	89,288	19,477
	4,809,956	5,393,322	5,509,441	116,119
100	Books & Supplies			
00	Approved Textbooks & Core Curricula Materials	460,609	461,390	781
00	Books & Other Reference Materials	112,761	112,000	(761)
15	Custodial Supplies	54,077	54,077	-
20	Educational Software	169,900	170,000	100
25	Instructional Materials & Supplies	255,046	254,860	(186)
26	Art & Music Supplies	24,302	24,200	(102)
30	Office Supplies	151,421	149,599	(1,822)
35	PE Supplies	13,950	13,000	-
40	Professional Development Supplies	2,300	2,300	-
45	Non Instructional Student Materials & Supplies	111,743	111,743	-
46	Teacher Supplies	13,650	13,650	-
50	Uniforms	15,200	15,200	-
51	Yearbook	5,760	5,760	-
00	Noncapitalized Equipment	88,025	77,025	(11,000)
10	Classroom Furniture, Equipment & Supplies	42,700	42,700	-
20	Computers (individual items less than \$5k)	320,731	294,325	(26,406)
30	Non Classroom Related Furniture, Equipment &	50,973	50,300	(673)
00	Food	1,350,673	1,350,673	-
20	Other Food	57,100	67,700	10,600

	2015/16	2016/17	2016/17	Variance FY16-17
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget
SUBTOTAL - Books and Supplies	4,374,725	3,299,971	3,270,502	(29,469)
100 Services & Other Operating Expenses	5,207,950	5,966,395	5,966,395	-
01 Shared Management Fee - CMO	57,554	21,371	12,407	(8,964)
00 Travel & Conferences	99,038	112,247	126,605	14,358
10 Conference Fees	74,775	73,562	83,320	9,758
15 Travel - Mileage, Parking, Tolls	153,926	144,814	136,847	(7,967)
20 Travel and Lodging	-	6,000	6,000	-
25 Travel - Meals & Entertainment	77,121	71,154	71,354	200
00 Dues & Memberships	199,948	218,132	218,420	288
50 Insurance - Other	326,366	112,089	112,493	404
00 Operations & Housekeeping	162,280	208,880	208,880	-
10 Utilities - Gas and Electric	200,718	187,744	187,984	240
05 Equipment Leases	2,241,061	2,312,509	2,268,574	(43,935)
10 Rent	199,946	119,583	119,584	2
15 Repairs and Maintenance - Building	36,688	18,597	18,500	(97)
17 Repairs and Maintenance - Other Equipment	66,800	-	-	-
31 Other Rentals, Leases and Repairs 1	-	-	-	-
32 Other Rentals, Leases and Repairs 2	140,866	59,724	59,844	120
03 Accounting Fees	31,356	29,700	30,058	358
09 Banking Fees	695,000	695,000	695,000	-
12 Business Services	70,297	639,693	639,693	-
13 School Programs - After School Program	15,350	19,108	19,108	-
14 School Programs - Academic Competitions	6,949	5,000	5,000	-
15 Consultants - Instructional	165,294	39,600	39,600	-
19 School Programs - Other	524,473	548,115	167,077	(381,038)
20 Consultants - Non Instructional	844,471	914,347	1,386,796	472,449
22 Other Professional Services	348,221	342,359	342,359	-
24 District Oversight Fees				

	2015/16	2016/17	2016/17	Variance FY16-17
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget
130	189,432	208,765	208,765	-
133	84,401	1,313	421	(892)
143	126,489	192,744	192,338	(406)
145	381,715	320,000	365,000	45,000
151	218,898	234,200	231,149	(3,051)
157	132,923	180,311	185,461	5,150
163	552,251	632,275	637,275	5,000
164	26,418	24,000	50,000	26,000
169	659,458	798,336	798,336	-
172	404,112	419,086	419,086	-
175	3,771	3,865	3,865	-
184	352,436	382,038	382,038	-
187	411,873	532,992	531,336	(1,656)
193	191,376	65,000	65,000	-
199	-	40,000	40,000	-
100	111,456	303,800	304,140	340
115	61,823	68,901	69,181	280
	16,621,360	17,572,378	17,681,744	109,366
	SUBTOTAL - Services & Other Operating Exp			
100	Capital Outlay			
00	-	120,000	120,000	-
00	3,800,000	13,332,561	13,332,561	-
100	454,422	100,000	100,000	-
110	121,450	190,500	190,500	-
	4,375,872	13,743,061	13,743,061	-
	SUBTOTAL - Capital Outlay			
	48,562,557	59,642,133	60,295,289	653,156
	TOTAL EXPENSES			

	2015/16	2016/17	2016/17	Variance FY16-17
	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	Approved Budget vs. FY16-17 Proposed Budget
100	376,864	823,259	823,259	-
Total Depreciation (includes Prior Years)				
	44,563,549	46,722,331	47,375,487	653,156
OTAL EXPENSES including Depreciation				
			41,132,637	

gnolia Public Schools
6-17 Budget Summary
dated 7/7/16

	2016/17 Preliminary Budget - MSA-1	2016/17 Preliminary Budget - MSA-2	2016/17 Preliminary Budget - MSA-3	2016/17 Preliminary Budget - MSA-4	2016/17 Preliminary Budget - MSA-5	2016/17 Preliminary Budget - MSA-6	2016/17 Preliminary Budget - MSA-7	2016/17 Preliminary Budget - MSA-8	2016/17 Preliminary Budget - MSA-SA	2016/17 Preliminary Budget - MSA-SC	2016/17 Preliminary Budget - MSA-SD	2016/17 Preliminary Budget - MERF	2016/17 Preliminary Budget - TOTAL
Income													
General Block Grant	5,251,882	4,516,779	4,245,388	1,772,032	1,539,136	1,575,467	4,438,632	2,671,595	4,596,312	-	3,365,610	-	33,973,833
Federal Revenue	695,788	344,735	574,033	252,308	176,079	137,828	296,081	346,072	394,527	-	133,928	-	3,351,378
Other State Revenues	898,244	355,213	694,406	141,453	150,386	214,078	508,978	578,580	345,918	-	301,331	-	4,188,557
Local Revenues	60,107	93,069	24,785	20,867	11,120	14,120	16,505	90,229	16,505	-	56,036	6,242,850	6,682,887
Fundraising and Grants	56,000	25,000	19,018	10,000	500	10,000	20,000	50,000	22,000	-	20,000	150,000	382,518
Total Revenue	6,962,022	5,336,796	5,557,630	2,196,660	1,877,220	1,951,493	5,353,920	3,700,444	5,374,262	-	3,975,905	6,392,850	48,579,203
Expenses													
Compensation and Benefits	3,362,064	2,997,228	2,812,110	1,172,519	1,064,348	985,253	2,842,777	1,710,714	3,059,757	-	2,155,725	3,467,487	25,599,982
Books and Supplies	539,025	259,858	454,542	158,736	185,900	110,183	297,700	333,447	691,730	-	163,559	75,821	3,270,502
Services and Other Operating Expenditures	2,727,983	1,903,069	1,935,913	687,206	594,065	575,774	1,557,568	2,081,816	1,775,769	-	1,325,125	2,537,455	17,681,744
Depreciation Expense	181,768	34,000	12,000	9,221	17,201	6,368	68,156	45,027	397,234	-	44,619	7,666	823,259
Total Expenses	6,810,839	5,184,156	5,214,565	2,007,682	1,861,515	1,657,578	5,290,449	3,689,029	5,924,489	-	3,689,029	6,088,428	47,375,487
Rating Income (excluding Depreciation)	332,951	186,640	355,065	198,199	32,907	300,284	131,627	98,715	(152,994)	-	231,495	312,087	2,026,975
Income (including Depreciation)	151,183	152,640	343,065	168,978	15,706	289,915	63,471	53,888	(550,228)	-	186,876	304,421	1,203,716
Balance													
Beginning Balance (Unaudited)	2,439,125	1,095,288	847,872	567,722	951,134	938,327	3,019,921	922,105	8,212,887	(985,851)	1,053,661	58,520	19,120,710
Audit Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Beginning Balance (Audited)	2,439,125	1,095,288	847,872	567,722	951,134	938,327	3,019,921	922,105	8,212,887	(985,851)	1,053,661	58,520	19,120,710
Operating Income (including Depreciation)	151,183	152,640	343,065	168,978	15,706	289,915	63,471	53,888	(550,228)	-	186,876	304,421	1,203,716
Operating Fund Balance (including Depreciation)	2,590,308	1,247,928	1,190,937	756,701	966,839	1,222,242	3,083,391	975,793	7,662,659	(885,851)	1,240,537	362,941	20,324,427
Operating Fund Balance as a % of Expenses	36%	24%	23%	39%	52%	74%	58%	27%	129%	34%	34%	6%	50%
Enrollment Summary													
K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
4-6	85	95	86	14	55	62	165	138	200	100	150	-	364
7-8	180	210	191	58	105	118	330	300	330	320	320	-	950
9-12	272	182	173	115	15	-	-	-	130	-	-	-	1,612
Total Enrolled	537	487	450	187	175	180	495	302	530	-	470	-	887
Total ADA	518.2	470.0	434.3	180.5	164.5	173.7	477.7	291.4	511.5	453.6	0.0	0.0	367.52
Funding													
Charter Schools LCOFF - State Aid	3,526,381	2,968,874	2,817,402	1,168,273	988,758	994,308	2,995,658	1,804,821	3,517,160	-	812,986	-	21,594,623
Education Protection Account Entitlement	741,455	657,463	603,366	261,064	238,000	251,311	667,309	387,438	102,290	-	623,404	-	4,523,142
Charter Schools in Lieu of Property Taxes	994,045	892,421	824,619	342,675	312,377	329,848	795,862	479,335	975,862	-	1,929,220	-	7,856,068
Federal Revenue	104,677	94,931	87,719	36,925	33,660	35,542	93,147	56,829	17,061	17,061	48,937	-	609,428
Special Education - Entitlement	264,295	-	299,549	25,038	-	31,452	189,792	169,792	183,550	-	24,079	-	987,755
Child Nutrition Programs	207,526	143,672	149,718	59,536	37,421	47,977	200,332	80,679	134,489	-	24,624	-	1,086,273
Title I	8,236	2,088	6,110	2,380	2,199	2,363	2,451	1,256	2,362	-	669	-	30,111
Title III	46,254	1,197	437	323	779	494	151	2,665	2,665	-	119	-	52,733
Other Federal Revenue	64,500	102,847	30,500	128,106	102,026	20,000	-	37,200	54,400	-	35,500	-	575,079
SUBTOTAL - Federal Income	685,768	344,735	574,033	252,308	176,079	137,828	296,081	346,072	394,527	133,928	-	-	3,351,378
Other State Revenues													
Special Education - Entitlement (State)	294,559	267,404	247,088	104,034	94,836	100,140	275,141	167,864	245,368	-	221,038	-	2,017,772
Child Nutrition - State	22,591	-	25,955	2,522	-	3,379	-	13,246	7,396	-	3,881	-	78,970
School Facilities Appointments	332,166	-	190,316	5,663	2,813	3,937	6,453	10,299	2,938	-	2,938	-	796,803
Mandated Cost Reimbursements	83,949	76,133	70,349	26,234	26,649	28,139	77,383	47,212	82,855	-	73,475	-	71,577
State Lottery Revenue	-	-	-	-	-	-	-	-	-	-	-	-	595,378

	2016/17 Preliminary Budget - MSA-1	2016/17 Preliminary Budget - MSA-2	2016/17 Preliminary Budget - MSA-3	2016/17 Preliminary Budget - MSA-4	2016/17 Preliminary Budget - MSA-5	2016/17 Preliminary Budget - MSA-6	2016/17 Preliminary Budget - MSA-7	2016/17 Preliminary Budget - MSA-8	2016/17 Preliminary Budget - MSA-SA	2016/17 Preliminary Budget - MSA-SC	2016/17 Preliminary Budget - MSA-SD	2016/17 Preliminary Budget - MERF	2016/17 Preliminary Budget - TOTAL
ASES	150,000	-	150,000	-	26,088	-	150,000	150,000	-	-	-	-	626,088
SUBTOTAL - Other State Income	898,244	352,213	694,406	141,453	150,386	214,078	578,580	508,578	345,918	301,331	-	-	4,188,597
Other Local Revenue	7,000	-	500	167	-	-	12,449	-	15,900	-	-	-	36,016
Food Service Sales	-	30,900	-	-	1,030	-	8,468	30,662	-	-	-	-	71,060
Uniforms	-	-	-	-	-	-	-	-	533	1,836	-	-	2,369
Interest	-	-	-	-	-	-	-	-	-	10,200	-	-	85,000
Summer Program	13,600	13,600	10,200	-	-	-	13,800	13,600	-	-	-	-	52,021
Other Local Revenue	20,881	5,000	-	-	-	-	7,140	-	-	-	-	-	88,650
Field Trips	15,450	-	-	-	-	-	-	10,200	-	-	-	-	26,473
All Other Local Revenue	-	-	-	-	3,090	4,120	-	18,692	71	-	-	-	972,192
CMO Fee - MSA-1	-	-	-	-	-	-	-	-	-	-	-	-	972,192
CMO Fee - MSA-2	-	-	-	-	-	-	-	-	-	-	-	-	881,049
CMO Fee - MSA-3	-	-	-	-	-	-	-	-	-	-	-	-	72,914
CMO Fee - MSA-4	-	-	-	-	-	-	-	-	-	-	-	-	72,914
CMO Fee - MSA-5	-	-	-	-	-	-	-	-	-	-	-	-	72,914
CMO Fee - MSA-6	-	-	-	-	-	-	-	-	-	-	-	-	607,620
CMO Fee - MSA-7	-	-	-	-	-	-	-	-	-	-	-	-	972,192
CMO Fee - MSA-8	-	-	-	-	-	-	-	-	-	-	-	-	972,192
CMO Fee - MSA-SA	-	-	-	-	-	-	-	-	-	-	-	-	-
CMO Fee - MSA-SC	-	-	-	-	-	-	-	-	-	-	-	-	-
CMO Fee - MSA-SD	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct CMO Fee (Shared Staff)	-	-	-	-	-	-	-	-	-	-	-	-	370,217
Opt3 Grants	20,507	12,238	9,085	10,000	7,000	10,000	12,541	17,075	-	-	-	-	276,455
SUBTOTAL - Local Revenues	60,107	93,089	24,785	20,867	11,120	14,120	54,198	90,229	16,505	55,036	6,242,850	-	6,682,887
Donations/Fundraising	2,750	550	14,518	-	-	-	-	-	-	-	150,000	-	167,818
Donations - Private	53,250	24,450	4,500	10,000	500	10,000	50,000	20,000	22,000	20,000	-	-	214,700
Fundraising	56,000	25,000	19,018	10,000	500	10,000	50,000	20,000	22,000	20,000	150,000	-	382,518
SUBTOTAL - Fundraising and Grants	6,962,022	5,336,796	5,557,630	2,196,660	1,877,220	1,951,493	3,700,444	5,353,920	5,374,262	3,975,905	6,242,850	-	48,579,203
ENSES													
Compensation & Benefits													
Classified Employees Summary													
Teachers Salaries	1,889,346	1,636,384	1,539,857	566,257	545,921	500,008	863,926	1,465,168	1,787,100	1,264,738	-	-	12,048,705
Certified Supervisor & Administrator Sal	387,635	311,892	250,512	280,961	159,738	185,373	199,199	425,165	360,450	338,000	582,000	-	3,441,125
SUBTOTAL - Classified Employees	2,277,182	1,948,276	1,790,369	857,218	705,659	685,381	1,023,125	1,890,332	2,147,550	1,602,738	582,000	-	15,489,830
Classified Clerical & Office Salaries													
Classified Clerical & Office Salaries	173,174	187,500	107,832	47,609	49,725	68,504	58,170	185,996	70,000	62,033	2,097,761	-	3,108,305
Classified Other Salaries	187,025	191,105	262,278	12,000	53,750	18,750	251,809	137,069	165,590	32,842	180,200	-	3,108,305
SUBTOTAL - Classified Employees	360,199	378,605	370,110	59,609	103,475	87,254	309,979	323,065	235,590	94,875	2,277,961	-	4,600,712
Employee Benefits													
STRS	275,673	242,200	221,454	107,838	88,017	82,447	119,347	234,030	249,908	188,731	44,282	-	1,853,927
PERS	21,860	28,074	36,897	5,328	8,226	5,689	22,847	37,396	6,428	12,185	-	-	187,112
OASDI-Medicare-Alternative	67,519	58,981	60,338	17,111	18,648	17,057	43,218	53,218	59,026	36,871	197,565	-	629,533
Health & Welfare Benefits	324,000	299,700	303,750	114,413	130,613	98,213	178,200	291,600	332,100	202,500	226,800	-	2,501,888
Unemployment Insurance	1,345	1,163	1,106	458	405	376	667	1,102	1,192	849	13,034	-	21,696
Workers Comp Insurance	34,286	30,249	28,086	10,544	9,305	8,655	13,331	22,034	23,831	16,976	28,700	-	225,998
Retiree Benefits	-	-	-	-	-	-	-	-	2,142	-	-	-	89,288
SUBTOTAL - Employee Benefits	724,683	660,348	651,631	255,692	255,214	212,618	377,610	639,380	676,627	459,112	597,526	-	5,509,441
Books & Supplies													
Approved Textbooks & Core Curricula Material	40,000	25,000	10,000	23,220	45,000	5,000	45,000	22,000	235,150	10,000	1,020	-	461,390

	2016/17 Preliminary Budget - MSA-1	2016/17 Preliminary Budget - MSA-2	2016/17 Preliminary Budget - MSA-3	2016/17 Preliminary Budget - MSA-4	2016/17 Preliminary Budget - MSA-5	2016/17 Preliminary Budget - MSA-6	2016/17 Preliminary Budget - MSA-7	2016/17 Preliminary Budget - MSA-8	2016/17 Preliminary Budget - MSA-SA	2016/17 Preliminary Budget - MSA-SC	2016/17 Preliminary Budget - MSA-SD	2016/17 Preliminary Budget - MERF	2016/17 Preliminary Budget - TOTAL
Communications	70,000	30,000	30,000	24,000	30,000	24,000	32,000	-	4,800	4,800	42,000	17,340	304,140
Postage and Delivery	10,000	5,402	6,500	3,600	2,000	4,000	3,600	12,000	7,789	7,789	-	14,280	69,181
SUBTOTAL - Services & Other Operating Exp	2,727,983	1,903,069	1,935,913	667,206	594,065	575,774	1,557,568	2,061,816	1,776,769	1,325,125	2,537,455	17,681,744	17,681,744
Capital Outlay													
Sites & Improvement of Sites	60,000	20,000	-	-	-	20,000	-	-	-	-	-	-	120,000
Buildings & Improvement of Buildings	-	-	-	-	-	-	-	-	13,332,561	-	-	-	13,332,561
Equipment	40,000	-	-	-	-	-	60,000	-	-	-	-	-	100,000
Computers (capitalizable items)	-	-	50,000	-	-	-	-	84,000	56,500	-	-	-	190,500
SUBTOTAL - Capital Outlay	100,000	20,000	70,000	20,000	84,000	13,389,061	60,000	84,000	13,389,061	13,743,061	13,743,061	13,743,061	13,743,061
AL EXPENSES	6,729,072	5,170,156	5,272,565	1,998,462	1,844,314	1,671,210	3,661,729	5,306,293	18,916,317	3,644,410	6,080,763	6,080,763	60,295,289
Total Depreciation (includes Prior Years)	181,768	34,000	12,000	9,221	17,201	6,368	45,027	68,156	397,234	44,619	7,666	7,666	823,259
TOTAL EXPENSES including Depreciation	6,810,839	5,184,156	5,214,565	2,007,682	1,861,515	1,657,578	3,646,756	5,280,449	5,924,489	3,689,029	6,088,428	6,088,428	47,375,487

Magnolia Public Schools
 FY16-17 Budget Summary
 Updated 7/7/16

	2015/16	2015/16	2016/17	2016/17	Variance FY16-17	
	Approved Budget - MERF	Current Forecast - Total May '16	Approved Budget - TOTAL 6/28/16	Proposed Budget - TOTAL 7/21/16	FY16-17 Proposed Budget	% Change
SUMMARY						
Revenue						
Local Revenues	4,727,533	5,222,727	5,208,150	6,242,850	1,034,700	20%
Fundraising and Grants	250,000	250,000	250,000	150,000	(100,000)	-40%
Total Revenue	4,977,533	5,472,727	5,458,150	6,392,850	934,700	17%
Expenses						
Compensation and Benefits	2,778,672	2,894,228	2,894,228	3,467,487	573,258	20%
Books and Supplies	87,874	115,951	105,290	75,821	(29,469)	-28%
Services and Other Operating Expenditures	2,091,472	2,454,670	2,428,089	2,537,455	109,366	5%
Depreciation Expense	7,666	7,666	-	7,666	7,666	
Total Expenses	4,965,684	5,472,514	5,427,607	6,088,428	660,821	12%
Operating Income (excluding Depreciation)	19,515	7,878	30,543	312,087	281,545	922%
Net Income (including Depreciation)	11,850	212	22,877	304,421	281,545	1231%
Fund Balance						
Beginning Balance (Unaudited)	689,915	689,915	689,915	35,855	(654,060)	-95%
Audit Adjustment	-	(654,272)	(654,272)	-	654,272	-100%
Beginning Balance (Audited)	689,915	35,643	35,643	35,855	212	1%
Operating Income (including Depreciation)	11,850	212	22,877	304,421	281,545	1231%
Ending Fund Balance (including Depreciation)	701,765	35,855	58,520	340,276	281,757	481%
Ending Fund Balance as a % of Expenses	14%	1%	1%	6%	5%	
School Information						
FTE's	31	43	43	44		0%
Inflation Rate	0	0	0	0		0%
Other Local Revenue	-	200	200	-	(200)	-100%

8699	All Other Local Revenue	-	14,577	-	-	-	-	-	-
8701	CMO Fee - MSA-1	873,103	898,657	898,657	972,192	73,535	8%		
8702	CMO Fee - MSA-2	873,103	1,077,532	1,077,532	972,192	(105,340)	-10%		
8703	CMO Fee - MSA-3	873,103	873,103	873,103	881,049	7,946	1%		
8704	CMO Fee - MSA-4	163,707	240,368	240,368	72,914	(167,453)	-70%		
8705	CMO Fee - MSA-5	65,483	101,258	101,258	72,914	(28,343)	-28%		
8706	CMO Fee - MSA-6	65,483	126,820	126,820	72,914	(53,906)	-43%		
8707	CMO Fee - MSA-7	545,689	545,689	545,689	607,620	61,930	11%		
8708	CMO Fee - MSA-8	873,103	949,764	949,764	972,192	22,428	2%		
8709	CMO Fee - MSA-SA	60,000	60,000	60,000	972,192	912,192	1520%		
8711	CMO Fee - MSA-SC	-	-	-	-	-			
8712	CMO Fee - MSA-SD	334,759	334,759	334,759	370,217	35,458	11%		
8713	Direct CMO Fee (Shared Staff)	-	-	-	276,455	276,455			
SUBTOTAL - Local Revenues		4,727,533	5,222,727	5,208,150	6,242,850	1,034,700	20%		

8800	Donations/Fundraising								
8801	Donations - Parents	-	-	-	-	-			
8802	Donations - Private	250,000	250,000	250,000	150,000	(100,000)			
SUBTOTAL - Fundraising and Grants		250,000	250,000	250,000	150,000	(100,000)			
TOTAL REVENUE		4,977,533	5,472,727	5,458,150	6,392,850	934,700			

EXPENSES									
Compensation & Benefits									
1000	Certificated Salaries								
1300	Certificated Supervisor & Administrator Salaries	320,000	350,367	350,367	592,000	-			
SUBTOTAL - Certificated Employees		320,000	350,367	350,367	592,000	-			
Certificated Employees Summary									
1300	Certificated Supervisor & Administrator Salari	320,000	350,367	350,367	592,000	241,633			
SUBTOTAL - Certificated Employees		320,000	350,367	350,367	592,000	241,633			

2000	Classified Salaries								
2400	Classified Clerical & Office Salaries	1,948,475	1,993,093	1,993,093	2,097,761	-			
2900	Classified Other Salaries	21,267	69,361	69,361	180,200	-			
SUBTOTAL - Classified Employees		1,969,742	2,062,454	2,062,454	2,277,961	-			

Classified Employees Summary									
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2400	Classified Clerical & Office Salaries	1,948,475	1,993,093	1,993,093	2,097,761	104,668
2900	Classified Other Salaries	21,267	69,361	69,361	180,200	110,838
	SUBTOTAL - Classified Employees	1,969,742	2,062,454	2,062,454	2,277,961	215,507
3000	Employee Benefits					
3101	State Teachers Retirement System, certificated px	-	6,885	6,885	34,218	-
3102	State Teachers Retirement System, classified pos	-	2,414	2,414	10,064	-
3200	PERS	-	-	-	-	-
3301	OASDI/Alternative, certificated positions	24,457	22,804	22,804	28,378	-
3302	OASDI/Alternative, classified positions	165,047	156,075	156,075	169,187	-
3401	Health & Welfare Benefits - Certificated Positions	28,118	21,000	21,000	40,500	-
3402	Health and Welfare Benefits - Classified Positions	142,500	165,000	165,000	186,300	-
3500	Unemployment Insurance	-	-	-	-	-
3501	State Unemploy. Insurance - Certificated Positions:	1,029	1,704	1,704	2,058	-
3502	State Unemploy. Insurance - Classified Positions	10,976	13,727	13,727	10,976	-
3601	Worker's Comp Insurance - Certificated Positions	3,200	3,504	3,504	5,920	-
3602	Worker's Comp Insurance - Classified Positions	21,595	20,625	20,625	22,780	-
3701	Other Retirement - Certificated Positions	-	2,571	2,571	4,200	-
3702	Other Retirement - Classified Positions	92,008	65,098	65,098	82,946	-
	SUBTOTAL - Employee Benefits	488,930	481,407	481,407	597,526	-
	Hidden					
	Employee Benefits Summary					
3100	STRS	-	9,299	9,299	44,282	34,982
3200	PERS	-	-	-	-	-
3300	OASDI-Medicare-Alternative	189,504	178,879	178,879	197,565	18,686
3400	Health & Welfare Benefits	170,618	186,000	186,000	226,800	40,800
3500	Unemployment Insurance	12,005	15,431	15,431	13,034	(2,397)
3600	Workers Comp Insurance	24,795	24,128	24,128	28,700	4,571
3700	Retiree Benefits	92,008	67,669	67,669	87,146	19,477
3800	PERS Reduction	-	-	-	-	-
3900	Other Employee Benefits	-	-	-	-	-
	SUBTOTAL - Employee Benefits	488,930	481,407	481,407	597,526	116,119
4000	Books & Supplies					
4100	Approved Textbooks & Core Curricula Materials	1,000	239	239	1,020	781
4200	Books & Other Reference Materials	-	761	761	-	(761)
4320	Educational Software	18,900	18,900	18,900	19,000	100
4325	Instructional Materials & Supplies	100	288	288	102	(186)
4326	Art & Music Supplies	-	532	102	-	(102)

4330	Office Supplies	3,874	15,000	10,921	9,099	(1,822)
4340	Professional Development Supplies	-	4,313	-	-	-
4400	Noncapitalized Equipment	44,000	6,500	12,000	1,000	(11,000)
4410	Classroom Furniture, Equipment & Supplies	-	-	-	-	-
4420	Computers (individual items less than \$5k)	6,000	31,406	31,406	5,000	(26,406)
4430	Non Classroom Related Furniture, Equipment & S	-	3,011	673	-	(673)
4700	Food	5,000	-	-	-	-
4720	Other Food	9,000	35,000	30,000	40,600	10,600
	SUBTOTAL - Books and Supplies	87,874	115,951	105,290	75,821	(29,469)

Books & Supplies Summary

4100	Approved Textbooks & Core Curricula Material	1,000	239	239	1,020	-
4200	Books & Other Reference Materials	-	761	761	-	-
4300	Materials & Supplies	22,874	39,033	30,211	28,201	(8,822)
4400	Noncapitalized Equipment	50,000	40,917	44,079	6,000	3,162
4700	Food	14,000	35,000	30,000	40,600	(5,000)
	SUBTOTAL - Books and Supplies	87,874	115,951	105,290	75,821	(10,661)

Services & Other Operating Expenses

5000	Travel & Conferences	10,000	9,712	8,964	-	(8,964)
5200	Conference Fees	5,000	23,691	24,438	38,796	14,358
5215	Travel - Mileage, Parking, Tolls	5,000	26,193	22,062	31,820	9,758
5220	Travel and Lodging	140,000	100,405	104,536	96,569	(7,967)
5300	Dues & Memberships	10,000	10,000	10,000	10,200	200
5450	Insurance - Other	14,400	14,400	14,400	14,688	288
5500	Operations & Housekeeping	20,272	20,764	20,189	20,593	404
5605	Equipment Leases	12,000	12,000	12,000	12,240	240
5610	Rent	150,000	201,135	201,135	157,200	(43,935)
5611	Prop 39 Related Costs	-	-	-	-	-
5615	Repairs and Maintenance - Building	-	83	83	84	2
5616	Repairs and Maintenance - Computers	-	-	-	-	-
5617	Repairs and Maintenance - Other Equipment	-	1,375	97	-	(97)
5803	Accounting Fees	6,000	6,000	6,000	6,120	120
5809	Banking Fees	4,000	17,917	17,917	18,275	358
5810	Service 4	-	-	-	-	-
5812	Business Services	695,000	695,000	695,000	695,000	-
5820	Consultants - Non Instructional	307,000	393,745	381,038	-	(381,038)
5821	Consultants - Non Instructional - Custom 2	-	-	-	-	-
5822	Other Professional Services	263,000	412,500	412,500	884,949	472,449

5833	Fines and Penalties	-	1,213	1,213	321	(892)
5843	Interest - Loans Less than 1 Year	-	517	517	111	(406)
5845	Legal Fees	100,000	170,000	170,000	215,000	45,000
5846	Loan and Financing Fees	-	-	-	-	-
5848	Licenses and Other Fees	-	-	-	-	-
5851	Marketing and Student Recruiting	20,000	83,785	73,200	70,149	(3,051)
5857	Payroll Fees	15,800	12,850	12,850	18,000	5,150
5860	Printing and Reproduction	-	-	-	-	-
5861	Prior Yr Exp (not accrued)	-	10	22,574	-	(22,574)
5863	Professional Development	95,000	95,000	95,000	100,000	5,000
5864	Professional Development - Other	-	24,000	24,000	50,000	26,000
5887	Technology Services	61,000	93,376	67,376	65,720	(1,656)
5900	Communications	144,000	15,000	17,000	17,340	340
5905	Communications - Cell Phones	-	-	-	-	-
5910	Communications - Internet / Website Fees	-	-	-	-	-
5915	Postage and Delivery	14,000	14,000	14,000	14,280	280
	SUBTOTAL - Services & Other Operating Exp.	2,091,472	2,454,670	2,428,089	2,537,455	109,366

Services & Other Operating Expenditures Summary

5100	Subagreements for Services	-	-	-	-	-
5200	Travel & Conferences	160,000	160,000	160,000	167,185	-
5300	Dues & Memberships	10,000	10,000	10,000	10,200	-
5400	Insurance	14,400	14,400	14,400	14,688	-
5500	Operations & Housekeeping	20,272	20,764	20,189	20,593	(575)
5600	Rentals, Leases, & Repairs	162,000	214,593	213,315	169,524	(1,278)
5800	Other Services & Operating Expenses	1,566,800	2,005,913	1,979,185	2,123,644	(26,728)
5900	Communications	158,000	29,000	31,000	31,620	2,000
	SUBTOTAL - Services & Other Operating Exp.	2,091,472	2,454,670	2,428,089	2,537,455	(26,581)

6000 Capital Outlay

6000	Capital Outlay	-	-	-	-	-
	SUBTOTAL - Capital Outlay	-	-	-	-	-
	TOTAL EXPENSES	4,958,018	5,464,849	5,427,607	6,080,763	653,156

Depreciation Calculation

	Forecasted Depreciation Impact (2015-16)	7,666	7,666	7,666	7,666	7,666
	Forecasted Depreciation Impact	7,666	7,666	7,666	7,666	7,666
6900	Total Depreciation (includes Prior Years)	7,666	7,666	7,666	7,666	-

TOTAL EXPENSES including Depreciation

4,965,684	5,472,514	5,435,273	6,088,428	653,156
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School Synopses

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy 1, Reseda
Address: 18238 Sherman Way Reseda CA 91335
Principal: Mustafa Sahin, M.Ed.
Grades Served: 6-12th grade
Operating Year: 2002

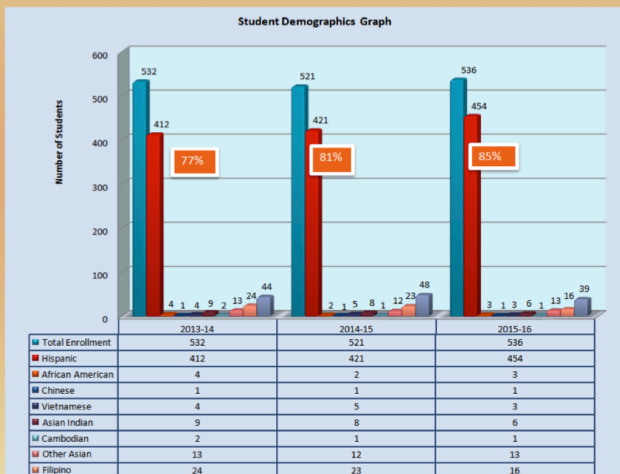
REVENUE & EXPENSES

2013/14	Revenue	\$5,291,036.00
	Expense:	\$4,482,909.00
2014/15	Revenue	\$5,530,163.00
	Expense:	\$5,526,861.00
2015-16 Forecasted	Revenue	\$6,972,876.00
	Expense:	\$6,684,401.00

STUDENT ACHIEVEMENT

- MSA 1-won Silver award in the US News and World Report Rankings
- Currently 365 home visits have happened (80% of our parents/families)
- In our graduating class: 4 year college acceptance rate is 70%; 12 college acceptances from top 50 college in the US.
- MSA 1 has 3 students who have received the Bronze Congressional Award.
- Genius International Olympiad 2016 finalists:
- Magnolia Science Expo: 2 1st place 2 2nd place 3 Recognition Awards - 2 for design and 1 for music
- Students attended AMC-8 AMC-10 and MathCounts
- 18 High School students participated in SRLA (Students Run Los Angeles), completing the LA Marathon.
- MSA 1 Lady Warriors Volleyball were League Champion for the third year in a row.
- High School flag football team won the charter league championship

STUDENT POPULATION



STAFF POPULATION

2014-2015- 3 Admin, 3 SPED, 25 FT Teacher, 2 PT Teachers, 1 Title 1, 1 College, 2 PT janitors, 1 PT IT, 1 After school, 1 Maintenance

2015-2016 -4 Admin, 3 SPED, 26 FT Teacher, 2 Title 1, 1 College, 2 PT janitors, 1 PT IT, 1 After school, 1 Maintenance

2016-2017 -4 Admin, 4 SPED, 26 FT Teacher, 2 Title 1, 1 College, 3 PT janitors, 1 PT IT, 1 Maintenance

SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

- MSA 1 won Silver award in the US News and World Report Rankings
- Our WEX Robotics team competed in the World Vex Robotics tournament
- Currently 365 home visits have happened (80% of our parents/families)
- Purchased the gym
- MSA 1 is partnering with the city of Reseda and the LA Kings to build a new athletics facility that will include 2 ice rinks, soccer field, and multipurpose room.
- 8 High School students are on the LA Mayor's Youth Council, participating in civic engagement and community service projects sourced from the local area.
- 4 students (3 12th graders and 1 6th grader) received an Honorable Mention in the Phi Delta Kappa's San Fernando Valley Chapter's Barbara Champion Essay Contest
- Hosted the 3rd Annual Community Bike Ride with Councilmember Bob Blumenfield
- In our graduating class: 4 year college acceptance rate is 70%; 12 college acceptances from top 50 college in the US.

MAJOR BUDGET CHANGES AND RATIONAL

- There is no major budget changes, we would like to add a 3rd PT Janitor, and add a full time Life coach who has been doing it as a part time beside teaching 3 periods a day.

MAJOR FOCUS AREAS FOR 2016-2017

- Increase our AP Passage rate
- Increase our SBAC proficiency and advance rate
- Finish the High school construction, and start 2017-2018 in the new building.
- Start the Ice ring project with City and LA Kings

2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

- Renewal

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy-2
Address: 17125 Victory Blvd, Van Nuys, CA 91406
Principal: Steven Keskindurk
Grades Served: 6-12th grade
Operating year: 2007

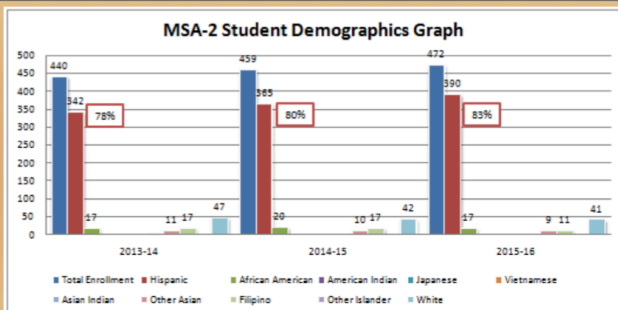
REVENUE & EXPENSES

Year	2013-14	2014-15	Forecast 2015-16
Revenue	\$3,322,756	\$4,005,530	\$5,183,117
Expenses	\$2,772,635	\$3,850,679	\$5,020,965

STUDENT ACHIEVEMENT

- 64% of our 12th Grade Students were accepted to a 4 year College, Total of 83 UC and CSU Acceptances plus 15 additional acceptances to private and out of state colleges
- MSA-2 Senior Student received \$20,000 Reebok Scholarship from Footlocker
- MSA-2 students participated to Academic Decathlon 2016 and won various medals (Silver and Bronze Medal in Math, Silver Medal in Science, Bronze Medal in Social Science, Bronze Medal in Essay, Gold Medal in Interview, Bronze Medal in Literature, Gold Medal in Art, Gold and Bronze Medal in Music)
- 3 students won Congressional Leadership Award (2 Bronze Medals and one Silver Medal)
- 2016 ISWEEP Competition in Houston, Texas. (Honorable Mention)
- Genius International Olympiad 2016 finalists in Science and Art
- STEAM EXPO 2016 (BIO) 1st Place, 2nd Place, 3rd Place

STUDENT POPULATION



	2013-14	2014-15	2015-16
Total Enrollment	440	459	472
Hispanic	342	365	390
African American	17	20	17
American Indian	1	1	0
Japanese	0	1	0
Vietnamese	1	1	1
Asian Indian	4	2	2
Other Asian	11	10	8

STAFF POPULATION

2014-2015

3 Admin, 3 SPED, 24 FT Teacher, 1 Title-1, 1 College, 1 PT IT, 1 PT Maintenance

2015-2016

4 Admin, 3 SPED, 24 FT Teacher, 2 Title-1, 1 College, 1 PT IT, 1 FT Maintenance

2016-2017

4 Admin, 3 SPED, 24 FT Teacher, 2 Title-1, 1 College, 1 PT IT, 1 FT Maintenance

SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

1. MSA 2 won Gold award in the US News and World Report Rankings (Best Charter High school in Los Angeles)
2. Full WASC Accreditation until 2022
3. Certificate of Special Congressional Recognition from Brad Sherman U.S. Member of Congress
4. Currently 165 Home visits made to our families
5. Offering free Saturday School to students and parents
6. Organized trip to California State Capitol in Sacramento with parents and students
7. Hosted Professor Levon Marashlian from Glendale Community College giving a presentation to MSA-2 staff, parents, and students on Armenian Genocide
8. 64% of our 12th Grade Students were accepted to a 4 year College, Total of 83 UC and CSU Acceptances plus 15 additional acceptances to private and out of state colleges
9. MSA-2 Senior Student received \$20,000 Reebok Scholarship from Footlocker

MAJOR BUDGET CHANGES AND RATIONAL

- There are no major budget changes; we would like to change a PT Teacher Aide to a FT Teacher Aide

MAJOR FOCUS AREAS FOR 2016-2017

- Increase our SBAC proficiency and advance rate
- Increase our AP Passage rate
- Increase enrollment in High School

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

- Charter Renewal

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy 3
Address: 1254 East Helmick Street, Carson, CA 90746
Principal: Dr. John White
Grades Served: 6-12th grade
Operating Year: Fall 2008

REVENUE & EXPENSES

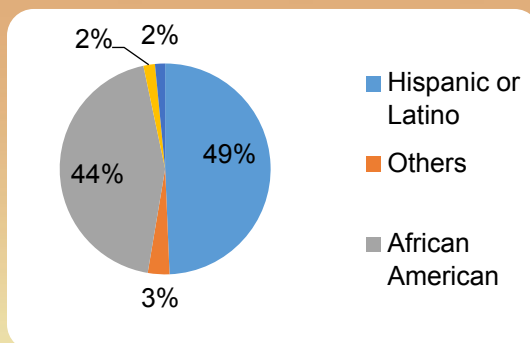
March 2016	Actual YTD	Forecast Budget
General Block Grant	2,786,825	4,062,033
Federal Revenue	275,773	601,468
Other State Revenues	709,905	941,388
Local Revenues	45,147	34,509
Fundraising and Grants	18,118	10,000
Total Revenue	3,835,768	5,478,485
TOTAL EXPENSES including Depreciation	3,736,931	5,399,174

STUDENT ACHIEVEMENT

- 30% of graduating class is admitted to at least one of the UC campuses.
- 59% of the graduating class received at least one 4-year college acceptance.
- Won Congressional Leadership Award
- MS girls volleyball Varsity League Champions, MS Boys JV Basketball undefeated league champs, HS boys volleyball undefeated league champs, HS girls volleyball 3rd place in league, HS coed 2nd and 3rd place in YPI tournament.
- 100% Graduation Rate

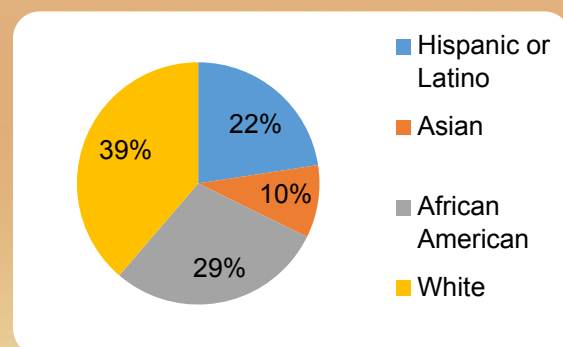
STUDENT POPULATION

438 Students; 217 Female and 221 Male
 Students coming from 32% Carson, 23% Compton and 19% Gardena



STAFF POPULATION

25 teachers and 6 site administrators



SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

MSA-3 has a strong college bound culture with around 59% of graduating seniors going on to 4 year colleges. Therefore, 51% of students in grades 10-12 is taking at least one AP class having 10 AP courses available. This year, we've had students accepted into prestigious universities and colleges such as UCLA, UC San Diego, Cal State Long Beach, etc; moreover 30% of seniors received an acceptance from one of the UC campuses.

Having our accreditation renewed during our Mid-Cycle Progress Report visit was a proud moment for MSA-3.

MAJOR BUDGET CHANGES AND RATIONAL

There is no major budget change anticipated for FY 2016-17

MAJOR FOCUS AREAS FOR 2016-2017

A primary goal for MSA-3 is to improve our student achievement in mathematics by showing growth in our mathematics achievement data. The two primary data points will be SBAC and MAP scores.

MPS as a whole has made a commitment to retaining and developing talent to ensure the most qualified staff stay at our schools. MSA-3 hopes to reduce turnover and retain faculty and staff to provide consistency and stability for the school.

We want to continue to strengthen our PBIS system while gradually moving toward a Restorative Justice model. We have seen significant benefits from the new programs such as SEVA Leadership and Intervention, Train of Thought Chess, and Edge Coaching that we've brought on in the 2015-2016 school-year.

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

MSA-3 expects an early oversight visit of LAUSD due to the charter renewal application.

School Success:

- 13% in Math and 22% in ELA proficiency on 2014-15 SBAC
- 100% Graduation Rate
- 57% 4-year and 34% 2-year college attendance

Goal attainment:

MSA-3 has adopted common core aligned learning programs; such as ALEKS, MAP testing, ConnectED, StudySync having one chromebook per student in math and English classes. Co-teaching strategies in math classes are being implemented. This year MSA-3 has stronger intervention programs; SES home tutoring for targeted groups of students, structured Power EL/Math classes, small group pull-out sessions, high school daily math intervention classes. Students with more academic stamina have opportunities to grow through our "Advanced Math", "Introduction to Engineering", "Science Explorers", 10 AP courses, "Congressional Award", "Science Expo" and the MathCounts programs.

MPS as a whole has made a commitment to retaining and developing talent to ensure the most qualified staff stays at our schools. MSA-3 hopes to reduce turnover and retain faculty and staff to provide consistency and stability for the school. Measures being enacted to help ensure retention include salary scale change, tuition reimbursement, offering of contracts as opposed to at-will employment, and professional development and growth pathways.

Grants received:

ASES, SES, Federal Title Funds

Student success:

- 30% of graduating class is admitted to at least one of the UC campuses
- 59% of the graduating class received at least one 4-year college acceptance.
- Female Robotics Team took Fourth Place in Magnolia Science Expo
- Achieved full WASC accreditation after Mid-Cycle Review Visit
- Adopting common core aligned learning programs; such as ALEKS, ConnectED, StudySync having one chromebook per student in math and English classes
- Co-teaching strategies in math classes are being implemented
- 51% of students in grades 10-12 is taking at least one AP class
- 10 AP Classes are available
- All the high school classes are accredited through the UC articulation department.
- MSA-3 had a great success in athletics as well; MS girls volleyball Varsity League Champions, MS Boys JV Basketball undefeated league champs, HS boys volleyball undefeated league champs, HS girls volleyball 3rd place in league, HS coed 2nd and 3rd place in YPI tournament

Student awards / achievements:

- Won Congressional Leadership Award
- Won National Hispanic Recognition (NHRP) based on PSAT/NMSQT
- Won \$35,000 scholarship from Whittier College

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy 4
Address: 11330 Graham Place, Los Angeles, 90064
Principal: Lisa Ross
Operating Year: Fall 2008
Grades Served: 6-12th
Charter Renewal Year: 2018

REVENUE & EXPENSES

Year	Revenue	Expenditure
13-14	\$1,697,278.00	\$1,418,260.00
14-15	\$2,112,263.00	\$1,884,034.00
15-16 Forecast	\$2,214,092.00	\$2,103,970.00

STUDENT ACHIEVEMENT

Student Percent Met Projected Growth			
Math	12-13	13-14	SBAC 14-15
6 th	44%	55%	12%
7 th	33%	50%	3%
8 th	45%	86%	19%
9 th	63%	54%	n/a
10 th	0%	57%	n/a
11 th	n/a	0%	16%

ELA	12-13	13-14	SBAC 14-15
6 th	40%	55%	28%
7 th	48%	53%	22%
8 th	54%	44%	28%
9 th	60%	71%	n/a
10 th	21%	58%	n/a
11 th	n/a	25%	69%

STUDENT POPULATION

Enrollment	13-14	14-15	15-16
Total	191	206	187
EL	12%	12%	8%
SPED	14%	13%	13%
Boys	62%	61%	61%
Girls	38%	39%	39%
FRL	75%	73%	76%

STAFF POPULATION

STAFFING	13-14	14-15	15-16
FTE	12	9	9

SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

- Math Olympiads – Highest Overall Score
- First Senior accepted to UCLA and interviewed by Harvard and Yale
- First student to STEM Based University – Embry-Riddle
- Partnership with Kaiser WLA for Summer Youth Employment Program
- Mr. Anderson has been selected to be hand scorer for AP tests
- 3 students placed at 2nd Annual STEAM Expo

MAJOR BUDGET CHANGES AND RATIONAL

- Hiring of a PT SPED Aide to meet the required minutes.
- Hiring of a shared IT person to assist with the increasing technology needs of staff and students.

MAJOR FOCUS AREAS FOR 2016-2017

- Project Based Learning/Inquiry Based Learning
- Blended Learning
- Greater focus on integrating the “A” in STEAM
- Increase the frequency of Saturday School
- Increase participation in STEAM based competitions
- Continued focus on interventions/enrichments

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

We expect an oversight visit from LAUSD.

School success:

- Partnership with Kaiser WLA for Summer Youth Employment Program
- Mr. Anderson has been selected to be hand scorer for AP tests

Goal attainment:

Goal	Action
Teacher Assignment	Core teachers will hold appropriate credential
Standards aligned Curriculum	CC aligned curriculum purchased
Facility	Facilities will be maintained and in good repair
CCSS Adoption and Implementation	Adopted and implemented with fidelity
EL Content Support	Use of SDAIE strategies
EL Language Support	Sheltered ELD instruction
Parent Involvement	PTF, SSC and Local Governance Committee
CAASPP Goals	Interventions – Power English, Power Math, After-School Tutoring/Enrichment and Saturday School
EL Reclassification	9 of 16 students will be reclassified as fluent English proficient (3 parents opted to stay in the program)
College Career Awareness	College Nights/Tours
Student Attendance	95%
Middle School Dropout Rate	0%
High School Dropout Rate	5%

Grants received:

SPED grants: \$14,500

Student awards / achievements:

- Math Olympiads – Highest Overall Score
- First Senior accepted to UCLA and interviewed by Harvard and Yale
- First student to STEM Based University – Embry-Riddle
- 3 students placed at 2nd Annual STEAM Expo

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy 5

Address: 18230 Kittridge Street, Reseda, CA 91335

Principal: Brad Plonka

Years of operation in Hollywood: 2008-2014 Grades served: 6-12

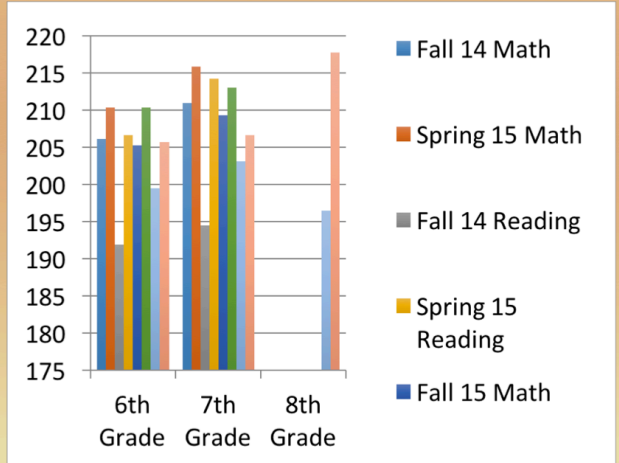
Years of operation in Reseda: 2013-Current, Grades served: 6-8 and adding 9th grade for 2016-17 school year.

Next Renewal: 2018

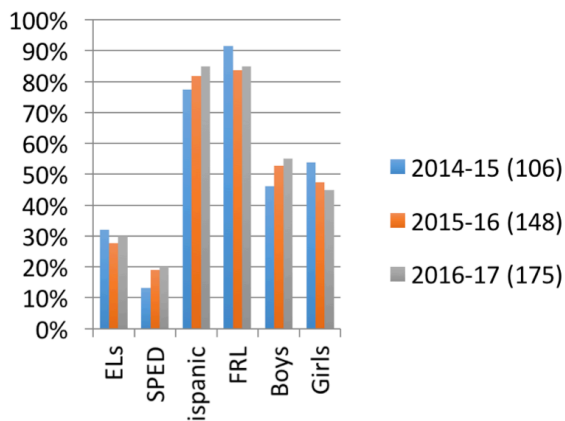
REVENUE & EXPENSES

Year	2013-14	2014-15	2015-16
Revenue	\$2,106,705	\$1,034,808	\$1,668,444
Expenses	\$1,780,910	\$1,069,100	\$1,555,381

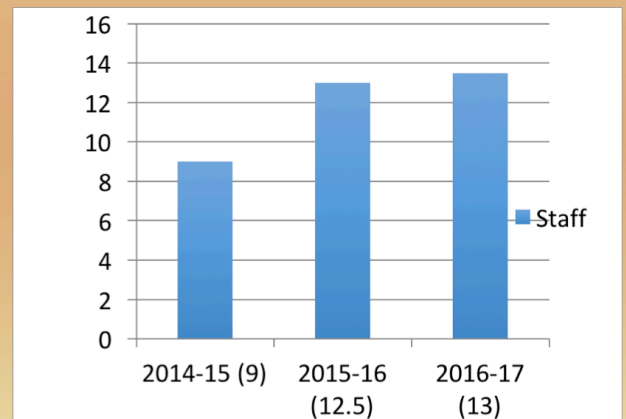
STUDENT ACHIEVEMENT



STUDENT POPULATION



STAFF POPULATION





SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

- Two 3rd place awards in the Magnolia Wide STEAM Expo
- Awarded the Natural History Museum Sea Mobile Experience
- Boy's basketball team undefeated season.
- 48 students received tickets to Magic Mountain from the Read to Achieve Program.
- First competitive First Lego League Robotics team.
 - Received Judges Special Award 2016
 - Magnolia Public Schools, Best Rookie of the Year 2016
- One student received AMC 8 Honor Roll qualification
- Received two Art awards at the MPS Steam Expo

MAJOR BUDGET CHANGES AND RATIONAL

- Common Core History books for middle school.
- Spanish II Books for added ninth grade
- Chrome books to obtain 1:1 Student to Technology ratio
- Life Coach to provide support for students with executive functioning challenges
- IT Program to provide IT support as well as Computer Elective to Middle School Students
- FueLED to provide Computer Programming class to ninth graders

MAJOR FOCUS AREAS FOR 2016-2017

- Increase ELA proficiencies in subgroups on the SBAC by 5%
- Increase Math proficiencies in subgroups on the SBAC by 10%
- To have a reclassification rate of 20% or higher
- To implement more technology during school hours
- To implement more STEAM focused programs after school

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

- LAUSD Oversight visit
- WASC substantive change visit (Adding 9th grade).

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy 6
Address: 3754 Dunn Dr. Los Angeles, CA 90034
Principal: John G. Terzi
Grades Served: 6-8th grade
Operating Year: Fall 2009

REVENUE & EXPENSES

Year	2013-14	2014-15	2015-16
Revenue	\$1,452,642.78	\$1,511,887.86	\$1,884,500
Expenses	\$1,036,720.42	\$1,101,792.50	\$1,414,362

STUDENT ACHIEVEMENT

MAP TESTING			
Math	2013	2014	2015
Proficient & Advanced	34%	34%	22%
Reading			
Proficient & Advanced	54%	52%	47%

STUDENT POPULATION

Enrollment By Ethnicity					
	Hispanic	Black	White	Asian	Total
2013-2014	85	35	10	11	141
2014-2015	118	24	12	8	162
2015-2016	144	24	5	2	175

STAFF POPULATION

	Hispanic	Asian	Black	White	Total
2013-2014	6	3	0	3	12
2014-2015	4	3	0	5	12
2015-2016	5	3	0	5	13

SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

1. Our Lego Team (Magnotigers) got 1st place in FLL LA Regional Tournament in robot design in November, 2015.
2. Two MSA-6 students got 1st place in 66th Annual LA County Science Fair in March, 2016.
3. One of our students won LA Latino Heritage App contest in middle school category. He was recognized by LA Mayor Eric Garcetti and LAUSD Board member Monica Garcia with certificates.
4. Our eighth graders attended a field trip to the Mount Wilson Observatory.
5. Our science teacher was presenter at MPS Teacher Symposium
6. Our science teacher received STEM Educator of the Year award.
7. MSA-6 successfully organized its 7th Annual Multicultural Food Festival and 3rd Annual STEM Expo in March, 2016.
8. MSA-6 received an education grant from Palms Neighborhood Council and we purchased one class set of laptops for our IEP and EL students.

MAJOR BUDGET CHANGES AND RATIONAL

MSA-6 will have some changes for the following:

- Instructional coach/lead teacher: There are two admin at our school and AP teaches 15 periods. We need more support for academics and school site visit preps. Our science teacher will be a teacher and instructional coach. So, we will hire one more science teacher
- Teacher aide: We have some IEP students who need 1 on 1 support. So we will hire one part time TA
- Fiber internet: Due to SBAC interim and real test, we need fast internet and cabling.
- Online resources: Due to CCSS implementation and blended learning practice, we will have more online resources.

MAJOR FOCUS AREAS FOR 2016-2017

- Writing in all subjects
- Increasing proficiency in Math
- New instructional methods
- Intervention classes
- Use of technology in each class

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

- We had our LAUSD visit on May 4th this year. There was no finding or missing document. For next year, we expect them to come in February, 2017.
- We had a WASC Self study visit on April 18-19-20th and it was a good visit. We expect a 6 year accreditation with 1 day mid cycle visit.

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy 7
Address: 18355 Roscoe Blvd., Northridge, CA 91325
Principal: Fatih Metin

REVENUE & EXPENSES

	2014-2015	2015-2016
Revenue	\$2,978,483	\$3,535,095
Expense	\$2,739,462	\$3,425,464

STUDENT ACHIEVEMENT

API Data				
Academic Year	% Tested	API	Growth	Statewide Rank
2010-2011	100%	855	N/A	N/A
2011-2012	100%	906	51	8
2012-2013	100%	904	-2	9

STUDENT POPULATION

Enrollment by Ethnicity						
	Hispanic	White	Filipino	Asian	African American	Other
2010-2011	70	21	0	3	2	0
2011-2012	77	40	0	2	0	2
2012-2013	144	82	1	1	1	4
2013-2014	185	114	0	1	1	0
2014-2015	195	97	0	0	0	3
2015-2016	192	55	11	4	15	14

STAFF POPULATION

- 1 Principal
- 1 Vice Principal
- 1 SPED Teacher
- 1 ELD Coordinator/Teacher
- 1 Math Intervention Teacher (Part Time)
- 1 PE/Health Teacher
- 1 Computer Instructor/Testing Coordinator
- 11 Classroom Teachers
- 1 Office Manager
- 1 Office Clerk
- 1 Janitor
- 7 TA's (Part Time)
- 1 ASES Coordinator/Book Keeper
- 11 ASES Coaches (Part Time)
- 1 ASES Janitor

Current SPED Data: 15% | EL Data: 23% and ELL: 75%



SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

- **API Score in 2012 – 2013:** 904
- **WASC Accreditation**– through 2022
- **Honored as Star School in March 2014** by California Business for Education Excellence
- **Scripps Spelling Bee** one of MSA-7 student achieved to be in top 60 students of all Los Angeles County Students in 2015.
- **All students Prepared Science Projects** from Kinder to 5th graders.
- **MSA-7 classified “Excelling” by LAUSD:** MSA-7 is classified as Excelling under the LAUSD School Performance Framework.

MAJOR BUDGET CHANGES AND RATIONAL

- We wanted to add either full time RTI Coordinator or Dean of Academics to develop RTI as WASC Committee recommended, because of budget we could not add any new positions.
- Although student number and income is stayed same CMO fee increased.

MAJOR FOCUS AREAS FOR 2016-2017

Key issues for Standards-based Student Learning: Assessment and Accountability Growth as WASC Committee Recommended

- Further develop MSA-7's RTI/ MTSS program and understand the indicators for each level
- Develop a system that clearly defines the interventions needed for each level of intervention
- Develop a method in which we monitor the participation and effectiveness of MSA-7's interventions for RTI during the school day, after school tutoring, and Saturdays.
- Develop a process to monitor the effectiveness of supports, interventions, and student learner outcomes.
- Develop a method to monitor the effectiveness of your Student Learner Outcomes

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

- **WASC Accreditation** recently taken– through 2022
- **LAUSD Visit** on May 26, 2016

School success:

- **WASC Accreditation**– through 2022
- **Honored as Star School in March 2014** by California Business for Education Excellence
- **MSA-7 classified “Excelling” by LAUSD:** MSA-7 is classified as Excelling under the LAUSD School Performance Framework.
- **Approval Rating on School Experience of Parents is 98%.** 90% of the parents participated to the Survey.
- **School Staff Retention** is 100%.

Goal attainment:

- STEM to STEAM shift
- Various RTI Programs: need to improve.
- EL Department: need to improve.

Grants received:

- STEP Grant 6,000.00
- LEA Grant 6,000.00
- Wallis Annenberg Grant 10,000.00

Student success:

- **API Score in 2012 – 2013: 904**
- **All 281 students Prepared Science Projects** from Kinder to 5th grade.
- **All 281 students Prepared Earth Day Projects** from Kinder to 5th grade.

Student Awards / Achievements:

- **Scripps Spelling Bee** one of MSA-7 student achieved to be in top 60 students of all Los Angeles County Students in 2015
- **MPS Steam EXPO** April 2016 Science Project Competition (Elementary) 1st, 2nd and 3rd Places

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy 8
Address: 6411 Orchard Avenue, Bell, CA 90201
Staff: Jason Hernandez, Principal
 Traci Lewin, Dean of Academics
 David Garner, Dean of Students
 Brenda Lopez, Dean of Culture
Grades Served: 6-8th grades
Operating Year: Opened in 2010, Public School Choice

REVENUE & EXPENSES

Year	2013-14	2014-15	2015-16
Revenue	\$4,149,416	\$4,608,156	\$5,413,325
Expenses	\$3,273,674	\$4,618,949	\$5,229,913

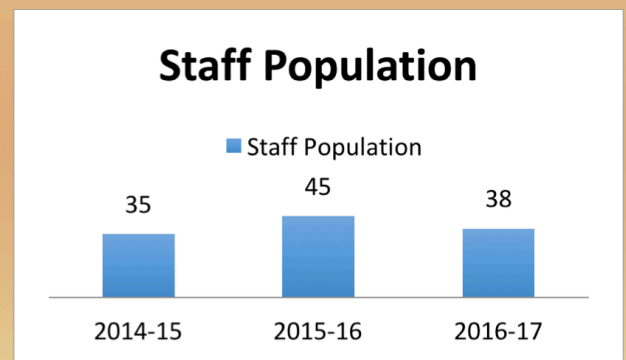
STUDENT ACHIEVEMENT

- 2013-14
- Reclassification: 19%
- 2014-15
- Reclassification: 26%
 - SBAC ELA: 28%; 34%; 30%; 7%
 - SBAC Math: 44%; 35%; 15%; 6%
- 2015-16
- Reclassification: 39%
 - LACOE Math Field Trip: 1st Place Problem Solving
 - Placement in 2 categories, STEAM EXPO

STUDENT POPULATION

- 2014-15
- Total: 483
 - SPED: 40 (8%)
 - EL: 76 (16%)
 - Hispanic: 450 (93%); White: 28 (6%)
- 2015-16
- Total: 494
 - SPED: 55 (11%)
 - EL : 74 (15%)
 - Hispanic: 460 (93%); White: 28 (6%)
- 2016-17
- Total: 495
 - SPED: 60 (12%)
 - EL: 74 (15%)
 - Hispanic 460 (93%); White 28 (6%)

STAFF POPULATION



SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

- School Safety Plan with multiple stakeholders
- WASC Accreditation (6 years)
- Summit Basecamp acceptance
- Restorative Justice Practices/Low Suspension Rate

MAJOR BUDGET CHANGES AND RATIONAL

- We are eliminating 2 positions....block scheduling will provide PLP based on the needs of the students
- \$105,000 is dedicated to professional development....MSA Bell staff taking advantage of the tuition reimbursement
- Purchase of additional Chrome books in order to have 1:1 ratio

MAJOR FOCUS AREAS FOR 2016-2017

- Implementation of blended learning in collaboration with Summit Basecamp
- Social-Emotional Learning (SEL) training and support for students and staff
- Accelerated Math Pathway (AMP) in connection with the Summer Mathematic Advancement Program starting with a group of current 6th grade
- Training to effectively utilize data in order to ensure student success
- Developing and implementing a plan that continual focuses on the WASC recommendations
- Implementing block scheduling to ensure PLP for all students
- Measure college readiness (ACT)
- Increase social media presence (twitter, Facebook, snap chat)

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

- Charter School Division Visit....TBD
- Public School Choice Visit....TBD

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy Santa Ana
Address: (2016-17) 2840 West 1 Street, Santa Ana, CA 92703
Principal: Laura Schlottman
Grades Served: (current) 6-12th grade, (2016-17) K-12th grade
Operating Year: 2015-16
Next renewal Date: June 2019

REVENUE & EXPENSES

Year	2013-14 (PTS Santa Ana)	2014-15	2015-16
Revenue	\$3,559,253	\$3,733,700	\$8,553,976
Expenses	\$1,311,615	\$1,791,594	\$2,264,926

*Prop 1D is \$6,666,281

STUDENT POPULATION

Year	2014-15	2015-16	2016-17
Female	32%	38%	40%
Male	68%	62%	60%
SPED	15%	20%	18%
EL	8%	9%	40%
Discipline	0%	0%	<1%
Hispanic	49%	55%	90%

STUDENT ACHIEVEMENT

YEAR	2011	2012	2013
API	777	839	850
MSA-SA Proficiency	MATH SBAC 2015	MAP Math Fall 2015	MAP Math Winter 2015
Exceeded	16.0%	15.7%	19.4%
Met	20.0%	15.7%	11.9%
Nearly Met	36.0%	29.1%	32.8%

MSA-SA Proficiency	Reading SBAC 2015	MAP Reading Fall 2015	MAP Reading Winter 2015
Exceeded	14.0%	20.1%	17.2%
Met	38.0%	29.9%	29.9%
Nearly Met	29.0%	27.6%	32.8%

STAFF POPULATION

Year	2013-14	2014-15	2015-16
White			55%
Hispanic			25%
African American			15%
Asian			5%
Other			

SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

- 100% Graduation Rate (expected)
- Seniors received 32 university acceptance letters
- History Bee: 4 students qualified for Regional and 1 student to Nationals
- Academic Decathlon received 5 medals
- Academic Pentathlon - 22 individual Medals. 1st Place Overall Team Award, and 1st Place Super Quiz Award.
- Block Schedule
- 100% of senior class enrolled to College
- 83% of students are enrolled in a 4 year College
- 8-11th Grade students took the PSAT
- STEAM Expo-5 Medals
- Weekly Pirate Flag News (on website)
- Monthly Pirate Press (News paper)
- OC Science Fair
- A+ Honorable Recognition

MAJOR BUDGET CHANGES AND RATIONAL

- Last years' budget wasn't FTE efficient/Full time positions were offered to staff members based on the board approved budget; hence, staff members were made full time prior to reaching the 250 student enrollment. Current enrollment is 158.
- Cash Flow (short term loan of 330K)/ short term goal to maintain cash flow in promise to repay as soon as the enrollment increases (2016-17)
- MSA SA would like to request a 300K loan to cover the PCSGP expenses; the loan will be paid in 6 months.
- Facilities grant (SB740)/\$117,832.50 awarded in 2015-16
- Lunch Program losing Money/due to the low number of orders (80 breakfast, 70 lunch) we cannot negotiate our lunch fees. Also, we provide free breakfast to all students to maintain our enrollment.
- CMO Fees waived/supported this year's limited budget.

MAJOR FOCUS AREAS FOR 2016-2017

- Targeting each student's individual academic growth (Individualized Learning Plan-ILP)
- Providing opportunities for our over-achieving students with many academic and STEM competitions and AP courses as well as providing targeted intervention and integrating additional embedded supports for our under-performing students.
- All 9th-11th graders will use adaptive math program during Advisory to improve their math skills.
- Increase student participated in academic competitions including: Lego Robotics, Academic Pentathlon, Academic Decathlon, many math competitions, Science Olympiad and History Bee etc.
- Create a positive and rigorous academic and school environment that fosters learning and school culture.

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

- October 2016 (not confirmed yet)

SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

Getting the school up and running with only two weeks to prepare the site for students.

Very positive authorizer visit from Santa Clara County Office of Education staff in October 2015.

Continued tradition of all school Science Fair in December 2015 and Science Expo in May 2016.

Stronger than ever performance of students accepted to Synopsys Science Fair.

MAJOR BUDGET CHANGES AND RATIONAL

Budget changed significantly in 2015-16 due to serious decline in enrollment following the failure to secure facilities until July 29, 2015, and the relocation of the school to a site 16 miles from the previous site.

Initial survey after school site was confirmed indicated that about 170 students planned to enroll, but only about 100 actually enrolled.

MAJOR FOCUS AREAS FOR 2016-2017

Improving site, enrollment, and staff stability while continuing to offer a strong academic program.

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

Annual Santa Clara County Office of Education visit Fall 2016.

WASC visit Fall 2016.

SCHOOL SITE SYNOPSIS

SCHOOL INFORMATION

School Name: Magnolia Science Academy San Diego
Address: 6365 Lake Atlin Ave. San Diego, CA 92119-320
Principal: Gokhan Serce
Grades Served: 6-8th Grades
Open date: 2005-09-06
Next Renewal Date: 2020-6-30

REVENUE & EXPENSES

2013-14	Revenue	\$2,864,544.00
	Expense:	\$2,438,187.00
2014-15	Revenue	\$2,798,695.00
	Expense:	\$2,608,040.00
2015-16	Revenue	\$3,572,865.00
	Expense:	\$3,110,540.00

STUDENT ACHIEVEMENT

Student Percent Met Projected Growth				
Math	2012-2013	2013-2014	2014-2015	SBAC 14-15
6th	54%	39%	28%	68%
7th	39%	45%	49%	53%
8th	43%	46%	45%	51%

Student Percent Met Projected Growth				
ELA	2012-2013	2013-2014	2014-2015	SBAC 14-15
6th	44%	60%	57%	62%
7th	40%	61%	80%	64%
8th	46%	65%	84%	57%

STUDENT POPULATION

Enrollment	13-14	14-15	15-16	16-17
Total	355	371	419	470
EL	4%	4%	3%	4%
SPED	9%	8%	8%	9%
Boys	62%	64%	63%	62%
Girls	38%	36%	37%	38%
FRL	23%	20%	21%	22%

STAFF POPULATION

STAFFING	13-14	14-15	15-16	16-17
FTE	30.5	28.5	28.5	30.5

SCHOOL SITE SYNOPSIS

MAJOR ACCOMPLISHMENTS

- Southern California FLL Championship Tournament, December 2015 Inspiration Award- 1st Place
- First Lego League Cup Robot Performance, January 2016
2 teams placed 1st
- Southern California Future City Regional Competition, January 2016 Best model Award & 3rd place over all
- AMC 8 Math Competition, November 2015 ,2 students placed in top 5% nationwide
- Knott's Berry Farm Music in the Park Competition, April 2016
1st Place & Superior Rating
- Olympic Archery in Schools California State Championship, April 2016
2nd Place
- Sea Perch Competition, March 2016, 1st Place Obstacle Course
3rd Place Deep Water Challenge, 4th Place Overall
- MPS Steam School of the Year Award
- Mr.Deniz and Mr.Akdeniz received the,STEAM Educator of the Year award.
- MPS Steam EXPO : Robotics ,Challenge 1st, 2nd and 3rd Places
- We participated at the San Diego Festival of Science and Engineering as exhibitor 3 years in a row.
- This year we will be co-hosting our 3rd San Diego STEAM Expo with Grossmont College.
- Based on SBAC results MSA-San Diego has the highest scores in our neighborhood both in ELA and Math.
- We increased the number of students we serve to 423.

MAJOR BUDGET CHANGES AND RATIONAL

- We are adding two new Educational Specialist to our SPED Team to be able to implement a full inclusion model with co-teaching sped program. (Adding two FTE)
- Based on staff/student feedback we are adding contracted counseling services.
- There is a significant decrease (\$145K to \$10K) in textbook expenses. We have purchased all textbooks this year.
- Currently we are paying around \$50K for the rent but it will be almost \$350K next school year. The new owner wants market rate.
- We are adding 50 more students next year and it increases the revenue significantly.

MAJOR FOCUS AREAS FOR 2016-2017

- Implementing Co-teaching model with Full inclusion approach in SPED
- Increase the number of students getting Power English/Math support by having those classes alternatives to electives.
- Offer Summer school to provide credit recovery and fun courses.
- Offer Saturday intervention to more students based on SBAC results
- Continue to implement PBS to create a culturally welcoming school environment.
- Provide open houses and community meetings to transition to the new neighborhood.

2016-2017 EXPECTED OVERSIGHT (LAUSD, WASC, ETC.)

We are expecting only an annual oversight visit from SDUSD.

Cover Sheet

Approval of Revised CMO Cost Allocation Table and Reserve for Economic Uncertainties

Section: III. Action Items
Item: E. Approval of Revised CMO Cost Allocation Table and Reserve for Economic Uncertainties
Purpose: Vote
Submitted by:
Related Material: III E Revised CMO Cost Allocation Table.pdf



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	III E
Date:	August 11, 2016
To:	MPS Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Oswaldo Diaz, Chief Financial Officer
RE:	Approval of Revised CMO Cost Allocation Table and Contingency Reserve for Economic Uncertainties

Proposed Board Recommendation

I move that the Magnolia Public Schools Board approves the revised CMO Indirect Cost Allocation Table and Contingency Reserve for Economic Uncertainties that incorporates a CMO fee capped at a maximum of 14.5% of total consolidated school revenues.

Background

Based on the direction provided by the Finance Committee, senior management has prepared an analysis of the current Magnolia Public Schools Charter Management Organization (CMO) fees and a comparison with other cost allocation methodologies. The purpose of the analysis is to provide the MPS' Board of Directors with the financial impact to each of the schools of various cost allocation methodologies, and a cost effective recommendation for the organization.

CMO Fees and Cost Allocation Methodologies

The two main CMO fee methods are the fixed rate methodology and the indirect cost allocation methodology. Both methods are acceptable and used by CMOs and non-profit organizations that have incurred costs for common or joint objectives and that cannot be readily identified with a particular school.

Based on the conversations and direction provided by the Finance Committee members, Senior Management is presenting the following methodologies for consideration:

1. CMO Fee Rate Based on an Indirect Cost Allocation Methodology driven by ADA and Tier Factor
2. Fixed CMO Fee Methodology
3. CMO Fee Rate Allocation Methodology based on ADA

Option 1.- CMO Fee Rate based on an Indirect Cost Allocation Methodology driven by ADA and Tier Factor

Currently MPS uses the indirect cost allocation methodology driven by ADA and Tier Factor to calculate the CMO fees. The current MPS Home Office Expense Allocation structure was designed to be in accordance with Code of Federal Regulations 2-CFR-230 Cost Principles for Non-Profit Organizations (OMB Circular A-122), and California Education Code § 47600 applicable to approval, operation, and accountability of charter schools.

The Home Office Expense Allocation is a dynamic model that takes into consideration the annual budget of MERF, potential reduction of fees due to limited school reserves, and is based on an attendance tier-model that considers each school's operational thresholds and breakeven costs. As part of the calculation, The CMO Fee



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Rate Based on an Indirect Cost Allocation is based on a redistribution of total expenses and cash reserves, and based on a tier factor driven by Average Daily Attendance (ADA).

Current Fee Structure (includes 5% reserve)						
FY16-17 Budgeted ADA	CMO Fee - Current Calculation	Indirect Fee	Direct School Specific Charges	Budgeted FY16-17 Net Income (Loss) - Current CMO Fee	CMO Fee as % of Revenue	
MSA-1	518	1,010,664	972,192	38,472.26	151,182	14.0%
MSA-2	470	1,007,082	972,192	34,890.11	152,640	18.2%
MSA-3	434	914,224	881,049	33,175.63	343,065	15.9%
MSA-4	181	86,175	72,914	13,260.47	188,978	3.3%
MSA-5	165	84,597	72,914	11,682.75	15,706	3.9%
MSA-6	174	85,400	72,914	12,485.44	293,915	3.7%
MSA-7	291	628,880	607,620	21,260.07	53,688	16.4%
MSA-8	478	1,007,450	972,192	35,258.11	63,471	18.2%
MSA-SA	512	1,005,424	972,192	33,232.62	(550,228)	18.1%
MSA-SD	454	412,955	370,217	42,737.58	186,876	9.6%
Total	3,675	6,242,850	5,966,395	276,455	899,295	14.1%

Option 2 .- Fixed CMO Fee Rate Methodology

Fixed CMO Fee Rate Methodology is calculated by applying the board approved fee structure percentage to the unrestricted income of each school. This fee may be waived or capped in order to mitigate the financial burden of schools that have not reached a minimum threshold of recommended reserves.

In accordance with the independent study commissioned by MPS on February 2015, CMO fees are typically calculated by multiplying a designated fixed fee rate percentage to total unrestricted income. This method is quite common primarily because it is simple to implement and it maintains a constant and stable rate. The CMO fee rate typically ranges between 10% to 20%.

Option 2 - Fixed CMO Fee Rate Methodology (14.6% of revenue)						
FY16-17 Budgeted ADA	CMO Fee - Current Calculation	Indirect Fee	Direct School Specific Charges	Budgeted FY16-17 Net Income (Loss) - Current CMO Fee	CMO Fee as % of Revenue	
MSA-1	518	1,055,446	1,016,974	38,472.26	106,401	14.6%
MSA-2	470	814,460	779,570	34,890.11	345,262	14.6%
MSA-3	434	845,003	811,828	33,175.63	412,286	14.6%
MSA-4	181	334,136	320,876	13,260.47	(58,984)	14.6%
MSA-5	165	285,897	274,214	11,682.75	(185,594)	14.6%
MSA-6	174	297,549	285,063	12,485.44	81,766	14.6%
MSA-7	291	561,800	540,540	21,260.07	120,768	14.6%
MSA-8	478	817,329	782,071	35,258.11	253,591	14.6%
MSA-SA	512	818,275	785,042	33,232.62	(363,078)	14.6%
MSA-SD	454	412,955	370,217	42,737.58	186,876	9.6%
Total	3,675	6,242,850	5,966,395	276,455	899,295	14.1%



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Option 3 - CMO Fee Rate Allocation Methodology based on ADA

CMO Fee Rate Methodology based on ADA is calculated by assigning a percentage to each school based on the school's ADA. The percentage is then applied to the total home office budget in order to determine the allocation to be applied for each school. This fee may be waived or capped in order to mitigate the financial burden of schools that have not reached a minimum threshold of recommended reserves.

Option 3 - CMO Fee Rate Allocation Methodology based on ADA						
	FY16-17 Budgeted ADA	CMO Fee - Current Calculation	Indirect Fee	Direct School Specific Charges	Budgeted FY16-17 Net Income (Loss) - Current CMO Fee	CMO Fee as % of Revenue
MSA-1	518	879,674	841,202	38,472.26	282,172	12.1%
MSA-2	470	797,873	762,983	34,890.11	361,849	14.3%
MSA-3	434	738,165	704,989	33,175.63	519,125	12.7%
MSA-4	181	306,270	293,010	13,260.47	(31,117)	13.3%
MSA-5	165	278,739	267,056	11,682.75	(178,436)	14.2%
MSA-6	174	294,457	281,972	12,485.44	84,858	14.4%
MSA-7	291	494,276	473,016	21,260.07	188,292	12.8%
MSA-8	478	810,710	775,452	35,258.11	260,210	14.5%
MSA-SA	512	863,576	830,343	33,232.62	(408,379)	15.5%
MSA-SD	454	779,110	736,372	42,737.58	(179,279)	19.0%
Total	3,675	6,242,850	5,966,395	276,455	899,295	14.1%

Additional Considerations

Total Home Office expenses excluding direct payroll costs, contingency reserves and grant funded programs amount to \$5,661,973 or 13.42% of total school revenue. The current Home Office CMO indirect cost allocation totaling \$5,966,395 or 14.1% includes both Home Office operational expenses and a five percent (5.0%) contingency reserve for economic uncertainties in addition to operational expenses.

Description	MERF Expenses	CMO % of school revenue
Total Home Office Operational Expenses	5,661,973	13.42%
Total Home Office Direct Payroll Allocation	276,455	0.66%
5% Contingency Reserves	304,421	0.72%
Total Home Office Expenses (Excluding Grant Funded Programs)	6,242,849	14.80%

Home Office fees allocated directly and indirectly to the school sites amount to \$6,242,850 and make up 14.79% of total school revenue, and include direct payroll allocations, indirect cost allocations, and a five percent (5.0%) contingency reserve for economic uncertainty.



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Direct payroll expenses (\$276,455) are charged directly to individual schools for expenses that are not shared across all schools, specifically regional, special education and English Language Learners management. Facilities management is charged directly to capital projects. Both direct payroll expenses and Facilities management are excluded from the CMO fee calculation, and are allocated based on specific needs of each school.

Recommendation

Based on the models presented for Board consideration, Senior Management recommends retaining the current CMO Fee Rate based on an Indirect Cost Allocation Methodology driven by ADA and Tier Factor, and that the CMO fee percentage (excluding directly allocated payroll expenses and facilities capital projects) does not exceed 14.5% of total consolidated school revenues.

The proposed 14.5% CMO fees does not take into consideration organizational growth and will need to be revisited if the organization plans to grow in the future. Funding of future growth will be based on the accessibility of startup grants, availability of MPS schools to provide repayable loans, and/or increase CMO fees.

Budget Implications:

Financial impact as presented in the document.

Name of Staff Originator:

Oswaldo Diaz, Chief Financial Officer

Attachments:

Revised CMO Fee Calculation
CMO comparison analysis

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

Request for a revised Indirect Home Office Expense Allocation and Contingency Reserve for Economic Uncertainties Structure

This memorandum, including the information and documents presented in this request, represent the basis for this proposed Home Office Expense Allocation structure revision with an effective date of July 1, 2016. The proposed Indirect Home Office Expense Allocation and Contingency Reserve for Economic Uncertainties Structure (Home Office Expense Allocation) will be implemented and carried out by Magnolia Educational Research Foundation's (MERF). The proposed revised Home Office Expense Allocation is designed to: 1) Be a dynamic Expense Allocation structure model, 2) Adjust for and react to current and future operational Home Office budgetary needs, 3) Adjust for and react to unexpected changes in charter school reserves, 4) Designed to maintain reserves for economic uncertainties at the individual charter school level and as a consolidated organization, and 5) Designed not to exceed a predetermined Board approved Home Office indirect cost allocation percentage.

BACKGROUND

On January 9th, 2015, the Governing Board of MERF approved the current Charter Management Organization (CMO) fee structure. CMO fees pay for the ordinary and necessary administrative and academic support functions required by the charter schools in order to ensure the quality and superior educational needs of the students and programs served.

CURRENT CMO FEE CALCULATION

CMO fees are currently based on an attendance tier-model that considers each school's operational thresholds and breakeven costs. This model was designed to be a self-adjusting dynamic model that takes into consideration the annual budget and forecast of MERF, potential reduction of fees due to limited school reserves, and readjusts the expenses to ensure that no operational losses are incurred by the Home Office on any fiscal year. The current CMO Fee allocation model allows CMO fees to be waived or capped in order to mitigate the financial burden of schools that have reached a minimum threshold of recommended reserves. The current model is not capped and allocates all expenses incurred by the Home Office to the schools.

PROPOSED HOME OFFICE EXPENSE ALLOCATION CALCULATION

The proposed Home Office Expense Allocation structure has been designed to be in accordance with Code of Federal Regulations 2-CFR-230 Cost Principles for Non-Profit Organizations (OMB Circular A-122), and California Education Code § 47600 applicable to approval, operation, and accountability of charter schools. The proposed Home Office Expense Allocation is a dynamic model that takes into consideration the annual budget of MERF, potential reduction of fees due to limited school reserves, and is based on an attendance tier-model that considers each school's operational thresholds and breakeven costs. The proposed model is designated not to exceed a predetermined Board approved Home Office indirect cost allocation percentage of total consolidated school revenues.

HOME OFFICE EXPENSE ALLOCATION CALCULATION METHOD

The Home Office Expense Allocation is based on a redistribution of total expenses and cash reserves, and based on a tier factor driven by Average Daily Attendance (ADA). In order to calculate the Home Office Expense Allocation, the following steps should be followed:

- 1) Calculate the monthly Home Office Expense Allocation base:

$$\text{Home Office Expense Allocation base} = \text{allowable expenses (*)} + 5\% \text{ Reserve} - \text{CMO Fees (a)}$$

Notes:

(*) allowable expenses are expenses that benefit all schools and exclude directly allocated expenses that benefit specific schools.

(a) Previously approved CMO fees might be required to remain without change for some of the schools, if the charter application and/or charter renewal explicitly states that the rate to be used will be 11%.

- 2) Identify the ADA for all the schools and assign a rate based on the tier rate (table I)

Table I 2016-17 ADA Tier Rate (b)

Average Daily Attendance (in students)	Factor
100 students or less	0.03
101 to 150 students	0.07
151 to 200 students	0.12
201 to 250 students	0.30
251 to 260 students	0.60
261 to 280 students	0.80
281 to 300 students	1.00
301 to 350 students	1.15
351 to 400 students	1.30
401 to 450 students	1.45
451 students and more	1.60

Note: (b) The ADA Tier Rate table will be reviewed and revised as required, in order to be representative of the most current operational thresholds and breakeven points of Magnolia Public Schools.

- 3) Calculate the percentage of redistribution based on Average Daily Attendance:

$$\text{Percentage of Redistribution} = \frac{\text{Tier Rate Factor per School}}{\text{Sum of Tier Rate of all Schools}}$$

- 4) Apply the percentage of redistribution to the Home Office Expense Allocation:

$$\text{Home Office Expense Allocation} = (\text{Percentage of Redistribution}) \times (\text{Home Office Expense Allocation base})$$

- 5) Total Home Office expense allocation will not exceed the Board approved CMO fee percentage and will be capped at a maximum amount. Capped Home Office expenditures will be calculated as follows:

Total Capped Home Office Expenditures (d) = (Total School Revenues) x (Board approved CMO Fee Percentage)

Note: (d) Capped Home Office expenditures include total indirect costs and five percent reserves. Capped amount does not include directly allocated expenses.

GLOSSARY

ADA – Average daily attendance for the second principal apportionment (P2) of the previous fiscal year

Unrestricted Income – Unrestricted income from all sources

Allowable Expenses – Costs that have been incurred for common or joint objectives and cannot be readily identified solely to a particular school.

Directly Allocated Expenses – Costs that have been incurred for specific objectives and can be readily identified to a particular school or schools.

ANNEX I

Home Office Expense Allocation Calculation Excel spreadsheet sample (see attached schedule)

Magnolia Educational Research Foundation
Home Office Expense Allocation and Contingency Reserve for Economic Uncertainties

Distribution Calculation								
School Names	2016-17 Projected ADA	Tier Factor	Subtract Factor calculated with different fee structure	Adjusted Tier Factor	Percentage of Redistribution based on ADA	Home Office Expense Allocation	Monthly	
Magnolia Science Academy	518	1.60		1.60	17%	972,191.51	81,015.96	
Magnolia Science Academy 2	470	1.60		1.60	17%	972,191.51	81,015.96	
Magnolia Science Academy 3	434	1.45		1.45	16%	881,048.55	73,420.71	
Magnolia Science Academy 4	181	0.12		0.12	1%	72,914.36	6,076.20	
Magnolia Science Academy 5	165	0.12		0.12	1%	72,914.36	6,076.20	
Magnolia Science Academy 6	174	0.12		0.12	1%	72,914.36	6,076.20	
Magnolia Science Academy 7	291	1.00		1.00	11%	607,619.69	50,634.97	
Magnolia Science Academy Bell	478	1.60		1.60	17%	972,191.51	81,015.96	
MSA- San Diego	454	1.60	1.60	-	0%	-		
PTS- Santa Ana	512	1.60		1.60	17%	972,191.51	81,015.96	
TOTAL		10.81	1.60	9.21	100%	5,596,177.36		(x)

Total 2016-17 Allowable Expenses (Projected as of June 2016)	6,088,428.00	
Add: 5% Reserve for Economic Uncertainties	304,421.40	
Subtract: Direct Salary Allocated to Schools	276,455.04	
Subtract: Expenses funded with external grants	150,000.00	
Subtract: Fees based with different CMO fee structure (11%)	370,217.00	
Home Office Expense Allocation Base	5,596,177.36	(x)

2016-17 ADA Tier Rate Table

Average Daily Attendance	Factor
100 students or less	0.03
101 to 150 students	0.07
151 to 200 students	0.12
201 to 250 students	0.30
251 to 260 students	0.60
261 to 280 students	0.80
281 to 300 students	1.00
301 to 350 students	1.15
351 to 400 students	1.30
401 to 450 students	1.45
451 students and more	1.60

School Names	2015-16 Estimate ADA	Allocation %
Magnolia Science Academy	972,192	16.29%
Magnolia Science Academy 2	972,192	16.29%
Magnolia Science Academy 3	881,049	14.77%
Magnolia Science Academy 4	72,914	1.22%
Magnolia Science Academy 5	72,914	1.22%
Magnolia Science Academy 6	72,914	1.22%
Magnolia Science Academy 7	607,620	10.18%
Magnolia Science Academy Bell	972,192	16.29%
MSA- San Diego	370,217	6.21%
PTS- Santa Ana	972,192	16.29%
Total CMO Fees	5,966,395	100.00%

11% in accordance with charter