



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Meeting Date:	July 9, 2015
Board Agenda Item #	7c
Staff Lead:	Oswaldo Diaz, Chief Financial Officer
Name of Staff Originator:	Oswaldo Diaz, Chief Financial Officer
RE:	MSA-Santa Ana Intra Company Loan

Proposed Board Recommendation

“I move that the board adopt the revision of the Home Office Intra-Company loan to MSA Santa Ana as presented in the board agenda, item 7c.”

Background

Magnolia Science Academy Santa Ana has a temporary deficit primarily due to pending In-Lieu Property Tax totaling

Magnolia Science Academy Santa Ana is expected to end with a net operating income of \$100,000 for Fiscal Year 2014-15. Currently, MSA Santa Ana is experiencing a cash flow shortage due to local revenues totaling \$200,000 and PCSGP funds totaling \$375,000 that have not yet been received by MSA-SA.

Based on the estimated operating expenses that will be incurred at the beginning of FY 2015-16, MSA Santa Ana requires that the current board approved loan be increased by an additional \$250,000. This increase will assist MSA-SA to mitigate the temporary financial hardship and to provide funds that will be used for the operation of MSA-SA during the first months of FY 2015-16.

A potential risk associated with this loan is that the school will be unable to pay due to mitigating circumstances related to one-time unexpected expenses and/or low student enrollment.

This loan will be used to fund legitimate educational and operational expenses with the charter school in accordance with General Accepted Accounting Principles.

Budget Implications

No Budget Implications

Attachments:

Loan Document



MAGNOLIA PUBLIC SCHOOLS

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MSA-SANTA ANA INTRA-COMPANY LOAN

Summary

Based on the current estimated operating expenses for FY 2015-16, MSA Santa Ana is required to receive a loan totaling \$500,000 from the Home Office to mitigate the temporary financial hardship. This loan will be used to fund legitimate educational and operational expenses with the charter school in accordance with General Accepted Accounting Principles.

Intra-Company Loan Terms

Total Loan Amount: \$ 500,000

Date of Disbursements:	March 25, 2015	\$100,000
	April 25, 2015	\$100,000
	May 25, 2015	\$50,000
	June 26, 2015	\$80,000
	July 25, 2015	\$100,000
	August 25, 2015	70,000

Date Payment Begins: September 30, 2015

Repayment Period: 1 year

Interest Rate: 0.00%

Intra-Company Repayment Schedule

Repayment schedule will include ten (10) monthly payments as follows:

Date	Payment Amount
9/30/2015	12,500.00
10/31/2015	25,000.00
11/30/2015	12,500.00
12/31/2015	106,250.00
1/31/2016	12,500.00
2/28/2016	106,250.00
3/31/2016	12,500.00
4/30/2016	106,250.00
5/31/2016	12,500.00
6/30/2016	93,750.00
Total Payments	500,000.00