



Magnolia Public Schools

Board Of Directors

Board Agenda Item #	II. C
Date:	09.10.2015
To:	Magnolia Board of Directors
From:	Oswaldo Diaz, Chief Financial Officer
Staff Lead:	Oswaldo Diaz, Chief Financial Officer
RE:	Home Office Intra-Company Loan to MSA- Santa Ana

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 II D.

Background

Magnolia Science Academy Santa Ana is expected to experience a cash flow shortage due to the current enrollment of 137 students as of August 28, 2015, 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 during FY 2015-16, MSA Santa Ana requires that the current board-approved loan be increased by an additional \$250,000 to \$750,000. 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

Name of Staff Originator:

Oswaldo Diaz, Chief Financial Officer

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 \$750,000 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: \$ 750,000

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
	September 25, 2015	\$150,000
	October 23, 2015	\$100,000

Date Payment Begins: December 31, 2015

Repayment Period: 1 year

Interest Rate: 0.00%

Intra-Company Repayment Schedule

Repayment schedule will include twelve (12) monthly payments as follows:

Date	Payment Amount
12/31/2015	50,000.00
1/31/2016	50,000.00
2/28/2016	50,000.00
3/31/2016	50,000.00
4/30/2016	50,000.00
5/31/2016	50,000.00
6/30/2016	50,000.00
7/31/2016	50,000.00
8/31/2016	50,000.00
9/30/2016	50,000.00
10/31/2016	50,000.00
11/30/2016	200,000.00
Total Payments	750,000.00