



Camino Nuevo Charter Academy

Finance Committee Meeting

Published on October 29, 2021 at 2:41 PM PDT

Date and Time

Tuesday November 2, 2021 at 3:00 PM PDT

Location

Join Zoom Meeting

<https://caminonuevo-org.zoom.us/j/99757318849?pwd=cXR2WEZyOFJNWEpncDhmSU1qbXZ4Zz09>

Meeting ID: 997 5731 8849

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Join our Cloud HD Video Meeting

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In accordance with Mayor Garcetti's "Safer at Home" City Order ([Link](#)) and Governor Newsome's State Executive Order ([Link](#)) CNCA will be holding Board Meetings via ZOOM video conference and telephone. No physical CNCA school locations will be open to the public.

This meeting is open to the public through the telephone 1 (669) 900-9128 (US Toll) and ZOOM video conference. To ensure meeting safety, there will be an online ZOOM waiting room set up for participants 10 minutes prior to the meeting. Attendees will be welcomed in prior to the start of the meeting at 4:00 pm. The waiting room will be checked regularly so that anyone joining the meeting late can still join.

Members of the public who wish to address the Board regarding items on this agenda or who need special accommodations should contact Ruby Rodriguez in the Chief Executive Officer's office at 213-417-3400 ext. 1401 or Ruby.Rodriguez@caminonuevo.org. Speakers are limited to no more than 2 minutes each. Speakers may also sign up in person the day of the meeting.

Agenda

	Purpose	Presenter	Time
I. Opening Items			3:00 PM
A. Record Attendance		Gil Flores	1 m
B. Call the Meeting to Order		Gil Flores	1 m
II. Approve Minutes			3:02 PM
A. March 17, 2021 Finance Committee Meeting	Approve Minutes	Gil Flores	1 m
III. Public Comment			3:03 PM
A. Public Comment	Discuss	Gil Flores	6 m
IV. FY21-22 Budget Update			3:09 PM
A. FY21-22 Budget Update	Discuss	Sonia Oliva	25 m
Current status of school forecasts			
V. Gift Acceptance Policy			3:34 PM
A. Gift Acceptance Policy	Discuss	Sonia Oliva	20 m
Discussion item that was pending from the previous meeting. We should revisit in case Camino is ready to implement a gift acceptance policy			
VI. Fiscal Policy Review			3:54 PM
A. Fiscal Policy Review	Discuss	Sonia Oliva	15 m
Discussion item to review any changes that may be needed to the fiscal policies with recent changes in staffing			
VII. ECE Update			4:09 PM

A. ECE Update	Purpose Discuss	Presenter Adriana Abich	Time 20 m
VIII. Closing Items			4:29 PM
A. Adjourn Meeting	Vote	Gil Flores	1 m

Cover Sheet

March 17, 2021 Finance Committee Meeting

Section: II. Approve Minutes
Item: A. March 17, 2021 Finance Committee Meeting
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for Finance Committee Meeting on September 1, 2021

APPROVED



Camino Nuevo Charter Academy

Minutes

Finance Committee Meeting

Date and Time

Wednesday September 1, 2021 at 3:00 PM

Location

Zoom

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Committee Members Present

C. Smet (remote), G. Flores (remote)

Committee Members Absent

J. Ortega

Guests Present

A. Abich (remote), R. Rodriguez (remote), soliva@exed.net (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

G. Flores called a meeting of the Finance Committee of Camino Nuevo Charter Academy to order on Wednesday Sep 1, 2021 at 3:02 PM.

II. Approve Minutes

A. March 17, 2021 Finance Committee Meeting

C. Smet made a motion to approve the minutes from Finance Committee Meeting on 03-01-21.

G. Flores seconded the motion.

The committee **VOTED** to approve the motion.

B. May Finance Committee Meeting

C. Smet made a motion to approve the minutes from Finance Committee Meeting on 05-17-21.

G. Flores seconded the motion.

The committee **VOTED** to approve the motion.

III. Public Comment

A. Public Comment

There was no public comment.

IV. Review of Year End Actuals June 30, 2021

A. Review of Year End Actuals June 30, 2021

CNCA ended the year with a large, unbudgeted loss due to the write off of the Miramar asset and Prop 1D debt. This was a non-cash entry. At year end there was sufficient cash at Miramar to cover all the obligations and about \$50,000 will ultimately go to the Dalzell Lance campus to follow the Miramar students.

Accross all schools, expenses were down due to distance learning. See the EXED attachment.

V. Opening View

A. Attendance

Enrollment is good, but it should be noted that it fluctuates around a good bit during the first three to four weeks of school. An updated view of enrollment will be presented at the CNCA September board meeting. See attachment.

B. Budget Forecast

Net income was budgeted to be \$885,000 and is now forecast to be \$1,335,000. See the attached EXED report.

VI. ESSR Spending

A. ESSR Spending

Principals have until September 3rd to finalize their ESSR spending so it was not reviewed. There was a discussion of the variety of things ESSR funds can be spent on, e.g.: curriculum, intervention specialists, mental health programs, and even a passageway from the lower school of Burlington to the Preschool. In total the three tranches of ESSR funds will be about \$16.5 MM over three years.

Note: the CNCA budget does not include ESSR spending so as to keep focus on the core, non-exceptional operations of the school.

There is an additional \$1,000,000 coming to CNCA because of an increase in concentration funds from 50% to 65%. See attachment.

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 4:07 PM.

Respectfully Submitted,
C. Smet

Documents used during the meeting

- 06.21 - CNCA Consolidated - Financial Packet.pdf
- 21-22 Budget Summary - CNCA Consolidated - 08.29.21.pdf
- Enrollment Breakdown August 24.pdf
- 21-22 CNCA Concentration Funds not in budget.pdf

Cover Sheet

FY21-22 Budget Update

Section: IV. FY21-22 Budget Update
Item: A. FY21-22 Budget Update
Purpose: Discuss
Submitted by:
Related Material: 21-22 Budget Summary - CNCA Consolidated - 10.29.21.pdf

Camino Nuevo Charter Academy
 Consolidated Budget Summary
 Prepared by ExED. For use by ExED and ExED clients only. © 2021 ExED

	CNCA - Burlington		CNCA#2 - Kayne Siart		CNCA#3 - Castellanos		CNCA#3 - Eisner		CNCA#3 - Consolidated		CNCA#4 - Cisneros		CNHS#2 - Dalzell Lance		Central Administration		Camino Nuevo - Consolidated	
	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast
Enrollment	590	581	697	679	471	451	267	262	738	713	606	604	508	504	-	-	3,139	3,081
ADA	560.50	518.03	662.15	599.56	447.45	390.19	253.65	230.87	701.10	621.06	575.70	539.73	482.60	450.23	-	-	2,982.05	2,728.61
ADA %	95%	89%	95%	89%	95%	88%	95%	89%	95%	88%	95%	89%	95%	90%	-	-	95%	89%
UPP	100%	100%	93%	93%	99%	99%	94%	94%	97%	97%	91%	91%	96%	96%	0%	0%	82%	82%
Income																		
8011-8098 - Local Control Funding Formula Sources																		
8011 Local Control Funding Formula	3,856,871	3,449,110	4,427,685	3,880,686	3,114,400	2,632,732	1,645,238	1,446,031	4,759,637	4,078,762	3,827,826	3,469,489	5,044,024	4,873,794	-	-	21,916,044	19,751,842
8012 Education Protection Account	1,059,320	1,252,500	1,255,284	1,454,084	841,985	939,307	477,304	555,775	1,319,289	1,495,082	1,089,425	1,306,619	96,520	90,046	-	-	4,819,837	5,598,330
8019 Local Control Funding Formula - Prior Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8096 In Lieu of Property Taxes	1,594,920	1,519,429	1,884,168	1,758,563	1,273,232	1,144,462	721,769	677,162	1,995,001	1,821,625	1,638,172	1,583,077	1,373,253	1,320,565	-	-	8,485,513	8,003,259
8098 In Lieu of Property Taxes, Prior Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 8011-8098 - Local Control Funding Formula Sources	6,511,111	6,221,039	7,567,136	7,093,333	5,229,617	4,716,501	2,844,310	2,678,968	8,073,927	7,395,469	6,555,423	6,359,184	6,513,796	6,284,405	-	-	35,221,394	33,353,431
8100-8299 - Federal Revenue																		
8181 Special Education - Federal (IDEA)	149,822	138,469	176,993	160,262	119,603	104,298	67,801	61,712	187,404	166,009	153,885	144,270	128,999	120,346	-	-	797,102	729,357
8221 Child Nutrition - Federal	570,561	626,223	519,410	529,597	428,932	429,859	152,252	156,393	581,184	586,252	387,254	403,965	224,523	233,222	-	-	2,282,932	2,379,258
8223 CACFP Supper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8291 Title I	310,690	329,984	234,893	252,009	213,116	226,467	115,832	123,088	328,948	349,555	207,936	220,849	182,909	194,267	-	-	1,265,376	1,346,663
8292 Title II	29,060	29,418	28,616	28,970	23,304	23,591	12,666	12,822	35,970	36,414	23,768	24,061	20,263	20,512	-	-	137,677	139,375
8294 Title III	41,756	41,756	28,257	28,257	31,346	31,346	11,783	11,783	43,129	43,129	22,194	22,194	10,754	10,754	-	-	146,089	146,089
8295 Title IV, SSAE	23,814	24,324	17,687	18,066	16,335	16,685	9,744	9,952	26,079	26,637	15,938	16,279	14,019	14,320	-	-	97,538	99,626
8296 Title IV, PCSGP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8297 Facilities Incentive Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8299 All Other Federal Revenue	-	1,427,547	-	1,484,739	-	1,044,130	17,771	658,050	17,771	1,702,180	-	1,502,440	13,714	1,116,860	-	-	31,486	7,233,767
Total 8100-8299 - Other Federal Income	1,125,703	2,617,722	1,005,856	2,501,899	832,636	1,876,375	387,849	1,033,800	1,220,486	2,910,175	810,975	2,334,058	595,181	1,710,282	-	-	4,758,199	12,074,136
8300-8599 - Other State Revenue																		
8520 Child Nutrition - State	47,612	51,063	42,917	42,758	35,879	35,136	12,339	12,383	48,218	47,519	32,289	32,913	17,435	17,690	-	-	188,471	191,943
8550 Mandate Block Grant	9,484	9,484	11,534	11,534	7,901	7,901	4,477	4,477	12,377	12,377	10,431	10,431	20,425	20,425	-	-	64,252	64,252
8561 State Lottery - Non Prop 20	84,075	84,626	99,323	98,175	67,118	64,211	38,048	37,823	105,165	102,033	86,355	88,128	72,390	73,518	-	-	447,308	446,480
8562 State Lottery - Prop 20	27,465	33,747	32,445	39,150	21,925	25,605	12,429	15,083	34,354	40,688	28,209	35,143	23,647	29,317	-	-	146,120	178,044
8560 Lottery Revenue	111,540	118,373	131,768	137,324	89,043	89,816	50,476	52,905	139,519	142,721	114,564	123,270	96,037	102,835	-	-	593,428	624,524
8587 State Grant Pass-Through	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8591 SB740	295,637	333,923	-	-	-	-	123,147	123,147	123,147	123,147	-	-	299,926	299,926	-	-	718,710	756,996
8592 State Mental Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8593 After School Education & Safety	177,559	203,483	177,559	203,483	177,559	203,483	-	-	177,559	203,483	124,387	203,483	-	-	-	-	657,065	813,931
8594 Supplemental Categorical Block Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8599 State Revenue - Other	422,026	416,197	517,858	485,964	345,289	340,976	205,264	173,695	550,553	514,671	472,152	472,152	382,499	354,153	-	-	2,345,088	2,243,137
Total 8300-8599 - Other State Income	1,063,857	1,132,523	881,636	881,063	655,671	677,311	395,703	366,607	1,051,374	1,043,918	753,824	842,249	816,323	795,030	-	-	4,567,013	4,694,783
8600-8799 - Other Local Revenue																		
8631 Sale of Equipment & Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8634 Food Service Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8650 Leases & Rentals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8660 Interest & Dividend Income	15,000	15,000	10,000	10,000	12,000	12,000	5,000	5,000	17,000	17,000	10,000	10,000	14,000	14,000	-	-	66,000	66,000
8662 Net Increase (Decrease) in Fair Value of Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8681 Intra-Agency Fee Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8682 Childcare & Enrichment Program Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8689 All Other Fees & Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8692 Grants	10,000	10,000	100,000	100,000	2,500	2,500	-	-	2,500	2,500	-	-	-	-	-	-	112,500	112,500
8694 In Kind Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8695 Contributions & Events	-	2	-	2	-	1	-	1	-	2	-	2	-	2	-	-	-	10
8696 Other Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8697 E-Rate	13,440	13,440	14,776	14,776	14,776	14,776	14,776	14,776	29,552	29,552	14,776	14,776	16,741	16,741	-	-	89,284	89,284

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8698 SELPA Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8699 All Other Local Revenue	-	2,195	-	3,264	-	11,055	-	11,055	-	11,055	-	4,160	-	1,578	-	-	-	22,252
8792 Transfers of Apportionments - Special Education	386,128	392,045	456,155	453,747	308,248	295,296	174,739	174,722	482,988	470,018	396,600	408,468	332,463	340,734	-	-	2,054,334	2,065,012
Total 8600-8799 - Other Income-Local	424,568	432,682	580,931	581,790	337,524	335,628	194,515	194,499	532,040	530,127	421,376	437,405	363,204	373,055	-	-	2,322,119	2,355,059
Prior Year Adjustments																		
8999 Other Prior Year Adjustment	-	1,805	-	2,648	-	1,794	-	1,016	-	2,810	-	2,851	-	2,935	-	-	-	13,050
Total Prior Year Adjustments	-	1,805	-	2,648	-	1,794	-	1,016	-	2,810	-	2,851	-	2,935	-	-	-	13,050
TOTAL INCOME	9,125,239	10,405,771	10,035,559	11,060,733	7,055,448	7,607,609	3,822,378	4,274,891	10,877,827	11,882,500	8,541,597	9,975,748	8,288,503	9,165,707	-	-	46,868,725	52,490,458
Expense																		
1000 - Certificated Salaries																		
1110 Teachers' Salaries	1,856,591	1,941,681	2,463,353	2,883,391	1,494,941	1,594,779	881,270	890,416	2,376,211	2,485,195	2,308,249	2,546,522	2,037,137	1,990,661	-	-	11,041,541	11,847,450
1120 Teachers' Hourly	-	-	42,000	34,755	-	-	-	38,552	-	38,552	13,090	-	-	-	-	-	55,090	73,307
1170 Teachers' Salaries - Substitute	53,723	48,501	61,050	50,747	82,510	72,219	24,050	20,909	106,560	93,128	64,750	64,750	51,870	51,870	-	-	337,953	308,995
1175 Teachers' Salaries - Stipend/Extra Duty	105,410	172,088	99,870	186,140	110,450	128,905	28,540	55,460	138,990	184,364	80,120	248,050	103,255	241,307	-	-	527,645	1,031,949
1211 Certificated Pupil Support - Librarians	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1213 Certificated Pupil Support - Guidance & Counseling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1215 Certificated Pupil Support - Psychologist	69,273	64,654	81,571	76,494	50,956	51,586	30,292	29,266	81,249	80,852	67,462	66,536	62,228	55,644	-	-	361,782	344,180
1299 Certificated Pupil Support - Other	110,963	99,387	204,657	117,649	81,624	79,298	48,523	44,988	130,146	124,286	107,846	102,333	99,678	88,893	-	-	653,291	532,548
1300 Certificated Supervisors' & Administrators' Salaries	505,530	472,910	502,580	473,159	436,923	425,898	298,939	289,698	735,862	715,596	498,610	471,289	644,320	650,048	-	-	2,886,903	2,783,003
1900 Other Certificated Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 1000 - Certificated Salaries	2,701,489	2,799,221	3,455,081	3,822,335	2,257,404	2,352,684	1,311,614	1,369,289	3,569,018	3,721,972	3,140,127	3,499,479	2,998,488	3,078,423	-	-	15,864,204	16,921,431
2000 - Classified Salaries																		
2111 Instructional Aide & Other Salaries	447,441	493,847	408,968	487,750	342,671	364,599	103,508	121,424	446,178	486,023	588,855	689,615	309,820	228,570	-	-	2,201,262	2,385,805
2121 After School Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2131 Classified Teacher Salaries	161,585	246,926	-	38,472	74,400	70,371	65,150	-	139,550	70,371	18,500	15,228	-	-	-	-	319,635	370,997
2200 Classified Support Salaries	113,209	139,252	142,574	124,043	102,671	107,420	55,785	72,609	158,456	180,028	108,776	110,845	80,127	92,454	-	-	603,142	646,621
2300 Classified Supervisors' & Administrators' Salaries	-	-	-	-	-	-	-	-	-	-	-	3,098	-	45,280	-	-	-	48,378
2400 Classified Office Staff Salaries	211,705	219,048	178,385	198,234	205,625	217,646	142,096	143,998	347,721	361,643	194,110	202,077	218,365	228,324	-	-	1,150,286	1,209,326
2900 Other Classified Salaries	202,264	380,057	221,242	335,673	201,473	342,353	116,296	149,583	317,769	491,936	272,049	404,798	178,050	299,493	-	-	1,191,375	1,911,957
Total 2000 - Classified Salaries	1,136,204	1,479,130	951,169	1,184,173	926,840	1,102,388	482,835	487,613	1,409,674	1,590,002	1,182,290	1,425,660	786,362	894,120	-	-	5,465,700	6,573,084
3000 - Employee Benefits																		
3111 STRS - State Teachers Retirement System	457,092	463,803	584,600	636,322	381,953	387,874	221,925	228,630	603,878	616,503	531,310	580,283	507,344	512,485	-	-	2,684,223	2,809,396
3212 PERS - Public Employee Retirement System	260,304	332,214	217,913	263,348	212,339	248,654	110,617	109,294	322,956	357,948	270,863	315,649	180,155	200,643	-	-	1,252,192	1,469,803
3213 PARS - Public Agency Retirement System	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3311 OASDI - Social Security	70,445	92,500	58,972	73,902	57,464	69,734	29,936	30,222	87,400	99,956	73,302	88,675	48,754	56,453	-	-	338,873	411,487
3331 MED - Medicare	55,647	62,006	63,891	72,572	46,172	50,070	26,020	26,977	72,191	77,047	62,675	71,389	54,880	57,801	-	-	309,284	340,814
3401 H&W - Health & Welfare	322,253	369,384	379,682	424,134	297,972	322,464	108,085	123,318	406,057	445,782	353,643	372,624	316,147	321,833	-	-	1,777,782	1,933,756
3501 SUI - State Unemployment Insurance	47,204	21,369	54,197	25,010	39,166	17,255	22,072	9,297	61,238	26,552	53,166	24,604	46,554	19,956	-	-	262,358	117,491
3601 Workers' Compensation Insurance	47,595	55,206	46,730	50,576	29,531	36,550	20,342	20,597	49,874	57,147	50,820	58,384	42,343	46,012	-	-	237,361	267,325
3751 OPEB, Active Employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3901 Other Retirement Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3902 Other Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	3,384	-	-	-	3,384
Total 3000 - Employee Benefits	1,260,539	1,396,482	1,405,985	1,545,863	1,064,597	1,132,602	538,996	548,334	1,603,593	1,680,936	1,395,778	1,511,607	1,196,178	1,218,567	-	-	6,862,074	7,353,455
4000 - Supplies																		
4111 Core Curricula Materials	24,800	324,800	108,300	290,034	16,571	240,305	12,107	117,607	28,678	357,912	27,755	335,642	31,900	54,754	-	-	221,433	1,363,142
4211 Books & Other Reference Materials	1,000	1,000	7,000	7,000	3,325	3,325	375	375	3,700	3,700	4,000	4,000	13,000	13,000	-	-	28,700	28,700
4311 Student Materials	48,800	78,223	58,001	81,547	53,247	86,247	29,095	42,502	82,341	128,748	33,328	56,528	51,420	92,420	-	-	273,889	437,465
4351 Office Supplies	18,600	18,600	18,000	18,000	19,200	19,200	12,000	17,000	31,200	36,200	15,600	15,600	18,000	18,000	-	-	101,400	106,400
4371 Custodial Supplies	13,720	40,529	12,000	34,315	21,600	46,742	12,000	32,142	33,600	78,884	18,000	66,142	22,800	42,942	-	-	100,120	262,812
4391 Food (Non Nutrition Program)	11,150	11,150	8,600	8,600	14,000	14,000	9,000	9,000	23,000	23,000	12,567	12,567	11,250	13,350	-	-	66,567	68,667
4392 Uniforms	9,800	9,800	5,000	11,374	8,565	8,265	4,005	3,930	12,570	12,195	4,000	4,000	15,250	15,560	-	-	46,990	52,929
4393 PE & Sports Equipment	4,000	4,000	5,000	5,000	7,000	10,000	4,000	7,000	11,000	17,000	6,000	6,000	2,500	2,500	-	-	28,500	34,500
4395 Before & After School Program Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4399 All Other Supplies	12,190	22,163	17,091	32,864	11,413	21,353	8,551	18,536	19,964	39,889	18,318	28,312	30,024	50,012	-	-	97,587	173,240

	CNCA - Burlington		CNCA#2 - Kayne Siart		CNCA#3 - Castellanos		CNCA#3 - Eisner		CNCA#3 - Consolidated		CNCA#4 - Cisneros		CNHS#2 - Dalzell Lance		Central Administration		Camino Nuevo - Consolidated	
	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast
4390 Other Supplies	37,140	47,113	35,691	57,838	40,978	53,618	25,556	38,466	66,534	92,084	40,885	50,879	59,394	81,422	-	-	239,644	329,336
4411 Non Capitalized Equipment	16,309	96,725	12,409	77,315	18,288	66,935	9,156	46,667	27,444	113,602	15,648	59,532	61,898	168,715	-	-	133,708	515,890
4711 Nutrition Program Food & Supplies	598,524	675,495	530,244	521,052	466,679	449,291	176,667	175,669	643,346	624,961	449,383	450,386	236,661	266,909	-	-	2,458,158	2,538,802
4713 CACFP Supper Food & Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 4000 - Supplies	758,893	1,282,485	781,645	1,087,101	639,888	965,663	276,956	470,428	916,843	1,436,091	604,598	1,038,708	495,073	738,161	-	-	3,557,052	5,582,547
5000 - Operating Services																		
5211 Travel & Conferences	12,000	17,000	60,250	60,250	8,000	8,597	1,597	1,597	9,597	10,194	5,000	18,600	20,620	20,620	-	-	107,467	126,664
5311 Dues & Memberships	9,205	9,115	11,310	11,130	6,497	6,297	3,170	3,120	9,667	9,417	8,210	8,190	16,500	16,460	-	-	54,892	54,312
5451 General Insurance	-	-	-	-	-	-	25,277	25,277	25,277	25,277	-	-	3,904	3,904	-	-	29,181	29,181
5511 Utilities	144,523	144,523	104,466	104,466	142,541	142,541	49,505	49,505	192,046	192,046	127,924	127,924	120,870	120,870	-	-	689,829	689,829
5521 Security Services	40,740	57,404	1,400	1,400	500	38,100	2,300	2,300	2,800	40,400	500	500	5,090	5,090	-	-	50,530	104,794
5531 Housekeeping Services	86,550	95,250	72,000	72,000	106,000	106,000	-	3,021	106,000	109,021	114,300	114,300	66,723	66,723	-	-	445,573	457,294
5599 Other Facility Operations & Utilities	41,237	41,237	44,993	44,993	61,875	61,875	21,685	23,170	83,560	85,045	69,955	69,955	55,841	55,841	-	-	295,586	297,071
5611 School Rent - Private Facility	575,176	593,640	-	-	-	-	218,928	218,928	218,928	218,928	-	-	533,202	533,202	-	-	1,327,306	1,345,770
5613 School Rent - Prop 39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5619 Other Facility Rentals	8,011	8,011	14,638	14,638	-	-	6,908	6,908	6,908	6,908	1,000	1,000	35,866	35,866	-	-	66,423	66,423
5621 Equipment Lease	44,009	44,009	26,459	26,459	38,071	38,071	19,641	19,641	57,712	57,712	30,205	30,205	54,412	54,412	-	-	212,798	212,798
5631 Vendor Repairs	43,000	43,000	30,000	30,000	44,000	44,000	25,000	25,000	69,000	69,000	40,000	40,000	35,000	35,000	-	-	217,000	217,000
5812 Field Trips & Pupil Transportation	16,800	16,800	32,000	32,000	21,465	21,165	17,400	17,400	38,865	38,565	12,000	15,000	48,300	48,300	-	-	147,965	150,665
5821 Legal	-	-	-	-	-	-	-	-	-	-	15,000	15,000	-	2,000	-	-	15,000	17,000
5823 Audit	-	694	-	1,035	-	554	-	529	-	1,083	-	928	-	597	-	-	-	4,337
5831 Advertisement & Recruitment	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	10,000	5,000	5,000	5,000	5,000	5,000	-	-	30,000	30,000
5841 Contracted Substitute Teachers	-	-	-	106,872	-	7,498	-	8,130	-	15,628	-	73,933	1,800	19,335	-	-	1,800	215,768
5842 Special Education Services	330,000	330,000	459,250	459,250	209,000	209,000	104,500	104,500	313,500	313,500	197,500	226,578	185,300	185,300	-	-	1,485,550	1,514,628
5843 Non Public School	-	-	75,185	75,185	-	-	-	-	-	-	2,980	2,980	-	-	-	-	78,165	78,165
5844 After School Services	177,559	203,483	177,559	203,483	177,559	203,483	-	-	177,559	203,483	124,387	203,483	-	-	-	-	657,065	813,931
5849 Other Student Instructional Services	59,280	368,417	-	427,392	-	273,522	-	202,799	-	476,320	8,840	350,942	33,689	450,957	-	-	101,809	2,074,028
5852 Professional Development	18,813	165,631	18,375	182,186	19,675	120,001	19,413	73,076	39,088	193,077	28,250	136,937	3,963	124,507	-	-	108,488	802,337
5854 Nursing & Medical (Non-IEP)	4,100	4,100	6,000	6,000	3,500	3,500	2,500	2,500	6,000	6,658	6,658	2,000	2,000	2,000	-	-	24,758	24,758
5859 All Other Consultants & Services	23,041	172,712	13,946	132,105	36,375	129,995	7,608	38,301	43,983	168,295	33,803	119,479	31,129	111,240	-	-	145,904	703,831
5861 Non Instructional Software	55,664	73,006	61,741	82,495	49,346	62,872	32,369	39,477	81,715	102,349	67,311	85,182	46,751	65,511	-	-	313,182	408,543
5865 Fundraising Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5871 District Oversight Fees	65,111	62,210	75,671	70,933	52,296	47,165	28,443	26,790	80,739	73,955	65,554	63,592	65,138	62,844	-	-	352,214	333,534
5872 Special Education Fees (SELPA)	107,190	106,103	126,630	122,802	85,570	79,919	48,508	47,287	134,078	127,206	110,097	110,547	92,292	92,216	-	-	570,287	558,874
5881 Intra-Agency Fees	1,000,487	981,316	1,084,605	1,031,471	766,046	704,712	421,412	403,277	1,187,458	1,107,988	931,968	914,594	927,906	904,691	-	-	5,132,424	4,940,060
5895 Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5899 All Other Expenses	11,737	11,737	14,482	14,482	11,025	11,025	5,422	5,422	16,447	16,447	11,590	11,590	13,305	13,305	-	-	67,562	67,562
5911 Office Phone	20,616	20,616	9,492	9,492	13,764	13,764	7,966	7,966	21,730	21,730	9,528	9,528	16,716	16,716	-	-	78,082	78,082
5913 Mobile Phone	792	792	1,512	1,512	4,020	4,020	1,512	1,512	5,532	5,532	3,600	3,600	840	840	-	-	12,276	12,276
5921 Internet	16,800	16,800	18,470	18,470	18,470	18,470	18,470	18,470	36,940	36,940	18,470	18,470	20,926	20,926	-	-	111,605	111,605
5923 Website Hosting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5931 Postage & Shipping	800	8,000	1,250	1,250	3,500	3,500	500	500	4,000	4,000	2,000	2,000	5,000	5,000	-	-	13,050	20,250
5999 Other Communications	-	57,321	-	67,684	-	45,828	-	25,927	-	71,754	-	59,052	-	49,193	-	-	-	305,004
Total 5000 - Operating Services	2,918,243	3,657,929	2,546,685	3,416,436	1,884,097	2,410,473	1,095,033	1,407,328	2,979,131	3,817,800	2,051,629	2,845,744	2,448,083	3,128,466	-	-	12,943,770	16,866,375
6000 - Capital Outlay																		
6901 Depreciation Expense	133,720	152,714	613,199	624,912	68,496	87,066	69,967	86,741	138,464	173,806	88,205	131,573	107,140	166,229	-	-	1,080,727	1,249,233
6903 Amortization Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6999 Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 6000 - Capital Outlay	133,720	152,714	613,199	624,912	68,496	87,066	69,967	86,741	138,464	173,806	88,205	131,573	107,140	166,229	-	-	1,080,727	1,249,233
7000 - Other Outgo																		
7438 Interest Expense	-	-	210,583	212,498	-	-	-	-	-	-	-	-	-	-	-	-	210,583	212,498
Total 7000 - Other Outgo	-	-	210,583	212,498	-	-	-	-	-	-	-	-	-	-	-	-	210,583	212,498
TOTAL EXPENSE	8,909,089	10,767,961	9,964,346	11,893,317	6,841,322	8,050,875	3,775,402	4,369,732	10,616,723	12,420,607	8,462,627	10,452,771	8,031,324	9,223,967	-	-	45,984,109	54,758,624
NET INCOME	216,150	(362,190)	71,213	(832,584)	214,126	(443,266)	46,977	(94,841)	261,103	(538,108)	78,969	(477,024)	257,180	(58,260)	-	-	884,615	(2,268,166)

	CNCA - Burlington		CNCA#2 - Kayne Siart		CNCA#3 - Castellanos		CNCA#3 - Eisner		CNCA#3 - Consolidated		CNCA#4 - Cisneros		CNHS#2 - Dalzell Lance		Central Administration		Camino Nuevo - Consolidated	
	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast	2021-22 Budget - Approved	2021-22 Forecast
Beginning Cash Balance	2,227,459	3,033,269	971,644	1,677,764	1,227,768	2,000,901	1,802,564	2,032,231	3,030,333	4,033,132	1,172,258	1,849,639	668,193	1,866,820	21,442	1,417,249	8,091,327	13,877,874
Cash Flow from Operating Activities																		
Net Income	216,150	(362,190)	71,213	(832,584)	214,126	(443,266)	46,977	(94,841)	261,103	(538,108)	78,969	(477,024)	257,180	(58,260)	-	-	884,615	(2,268,166)
Change in Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Year Accounts Receivable	1,979,895	1,297,747	2,106,104	1,525,893	1,578,042	957,350	796,606	650,525	2,374,648	1,607,875	1,894,225	1,410,778	1,839,838	2,198,714	-	-	10,194,709	8,041,008
Current Year Accounts Receivable	(2,475,412)	(1,247,118)	(2,327,299)	(943,023)	(1,669,828)	(831,388)	(992,812)	(525,885)	(2,662,640)	(1,357,273)	(1,941,711)	(790,355)	(2,688,370)	(482,964)	-	-	(12,095,433)	(4,820,733)
Change in Due from	-	653	-	1,999	-	(77)	-	(2,253)	-	(2,330)	-	(311)	-	1,309	-	(80)	-	1,239
Change in Accounts Payable	(18,904)	52,494	(21,873)	638,695	(16,743)	586,353	(7,439)	237,528	(24,182)	823,881	(18,908)	(11,024)	(15,499)	(283,557)	(2,027)	35,019	(101,393)	1,255,508
Change in Due to	(818)	52,271	(1,141)	96,158	(742)	53,546	(486)	34,921	(1,227)	88,467	(1,036)	72,134	(730)	(362,676)	-	(1,388,672)	(4,952)	(1,442,317)
Change in Accrued Vacation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Payroll Liabilities	-	111,905	-	126,066	-	77,549	-	47,145	-	124,694	-	125,217	-	16,486	-	39,247	-	543,615
Change in Prepaid Expenditures	(102,801)	(2,999)	(45,354)	(1,736)	(54,060)	(4,941)	(45,084)	(2,078)	(99,143)	(7,019)	(26,782)	(613)	(99,018)	(2,824)	(15,000)	96,506	(388,098)	81,316
Change in Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Deferred Revenue	-	(232,704)	-	(368,840)	-	(187,662)	-	(104,924)	-	(292,586)	-	(315,342)	-	(369,990)	-	-	-	(1,579,462)
Depreciation Expense	133,720	152,714	613,199	624,912	68,496	87,066	69,967	86,741	138,464	173,806	88,205	131,573	107,140	166,229	-	-	1,080,727	1,249,233
Cash Flow from Investing Activities																		
Capital Expenditures	(1,540)	(81,595)	(11,000)	(30,309)	-	(47,257)	(1,500)	(112,585)	(1,500)	(159,842)	-	(24,132)	-	(234,639)	-	-	(14,040)	(530,517)
Cash Flow from Financing Activities																		
Source - Sale of Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Use - Sale of Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Source - Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Use - Loans	-	-	(388,810)	(386,895)	-	-	-	-	-	-	-	-	-	-	-	-	(388,810)	(386,895)
Ending Cash Balance	1,957,749	2,774,446	966,681	2,128,100	1,347,062	2,248,175	1,668,793	2,246,525	3,015,855	4,494,700	1,245,219	1,970,540	68,733	2,454,648	4,415	199,268	7,258,652	14,021,704

Cover Sheet

Gift Acceptance Policy

Section:	V. Gift Acceptance Policy
Item:	A. Gift Acceptance Policy
Purpose:	Discuss
Submitted by:	
Related Material:	GiftMemo w. sample policy.pdf SAMPLE Gift Acceptance Policies.pdf

Form 990 Policy Series

The attached Memorandum is a part of the *Form 990 Policy Series*, developed by a group of lawyers, all members of the California bar and practicing nonprofit law (the “Form 990 Policy Series Group”). The *Form 990 Policy Series* includes Memoranda containing rationales and procedures for legal counsel to use in advising their clients on drafting and adopting appropriate policies responding to the new Form 990 as well as form policies and/or questionnaires.

The members of the Form 990 Policy Series Group with respect to the attached Memorandum (posted October, 2012) were as follows: Joel S. Corwin, Chair; Elizabeth Bluestein; Lani Meanley Collins; Henry Lesser; Louis Michelson; Joy P. Paeske; Alicia Plerhoples; Robert Siemer; Ronit M. Stone; Martin J. Trupiano; and J. Patrick Whaley. The views expressed in the Memoranda do not necessarily reflect the views of the law firms or employers at which these lawyers practice or any individual member of the Group.

The date at the top of the attached Memorandum is the date that the Memorandum was finalized, and the Memorandum may not reflect changes in law or practice since that date.

**FORM 990 POLICY SERIES
MEMORANDUM**

Re: Gift Acceptance Policy – Form 990, Schedule M, Part I, Line 31 (Form 990 Policy Series Memo #14)

Date: September 25, 2012

NOTE ON THE SCOPE OF THIS MATERIAL

This material is designed to provide general guidance about an aspect of nonprofit corporate governance in the specific and limited context of the governance questions contained in the new IRS Form 990 (published by the IRS in 2008 and applicable to 990 filers based on a 2009-2011 filing year phase-in period depending on the size of the nonprofit). It is intended to provide some general guidance on the establishment of processes and/or policies to address a specific governance question in the Form. The subject matter of that question implicates a broad array of legal and practical issues ranging far beyond the immediate subject matter of the question itself. This material may address some of those issues but does NOT attempt to review them comprehensively and is NOT intended to be relied on for guidance on how they should be addressed in any specific situation.

Whether or not a nonprofit organization adopts a specific governance process or policy (or modifies an existing one), either in response to the disclosure requirements of the new IRS Form 990 or to change its governance practices for other reasons, is a matter to be carefully considered by that organization, with input from its board and advisors and evaluation of its specific circumstances. The IRS has explicitly stated that adoption of the policies and practices about which the new Form 990 asks is not mandatory, although the IRS has also indicated that it attaches significance to the manner in which all tax-exempt nonprofit organizations govern themselves. The inclusion of a sample policy in this material is not intended to suggest that the policy is appropriate for every nonprofit organization nor that, if a policy on that topic is determined to be appropriate, the formulation in the sample necessarily fits the needs of an individual nonprofit organization. A customized approach, with outside professional advice, is recommended. Accordingly, this material is intended as general information for legal practitioners advising nonprofit organizations as to their governance and does not constitute legal advice for any particular nonprofit organization.

Although the subject matter of this material may have relevance to nonprofit organizations that are not required to file informational tax returns with the IRS or are permitted to file on an IRS form other than Form 990, the focus of this material is on Form 990 filers. While this material is meant to apply to Form 990 filers who are exempt under Section 501(c) of the Internal Revenue Code, certain portions of this material may be applicable only to Section 501(c)(3) organizations. In addition, although this material may be of assistance with respect to nonprofit organizations that are not subject to oversight under California law, there may be portions of this material that are relevant only to nonprofits organized under, or (by reason of their California-related activities) otherwise subject to, California law and, except as specifically discussed in this material, the laws of other States are not addressed.

1. Summary

Form 990, Schedule M, Part I, line 31, asks whether the organization has a “gift acceptance policy that requires the review of any non-standard contributions.” There is no legal requirement that an organization have a gift acceptance policy or one that requires the review of non-standard contributions. *See 3.D. below.* However, an organization that adopts a gift acceptance policy requiring the review by its board of non-standard donations will not only permit the organization to answer “Yes” on the Form 990, the organization will have established a useful protocol for its board members and staff with respect to the evaluation of proposed non-cash gifts. A well-drafted and

consistently applied gift acceptance policy may avert acceptance of a gift with unexpected carrying costs or liabilities or burdensome administrative obligations.

Schedule M must be filed by organizations that either: (1) reported more than \$25,000 in aggregate non-cash contributions on Form 990, Part VIII, Statement of Revenue, Line 1g; or (2) during the year received contributions of art, historical treasures, or similar assets, or qualified conservation contributions (regardless of whether it reported any revenues for such contributions in Part VIII).

This Memorandum is intended to provide guidance for the adoption of a gift acceptance policy in general, and, in particular, a policy that is responsive to Form 990 and the IRS Instructions. A customized approach, with outside professional advice, is recommended.

As indicated in the Note above: A gift acceptance policy may have relevance to or be advisable for nonprofit organizations that are not required to file informational tax returns with the IRS or are permitted to file on an IRS form other than Form 990; gift acceptance policies provide development staff and volunteer leadership with a guide from which to solicit funds, and may help preserve donor relationships when a gift is rejected. An organization should consider publishing its gift acceptance policy on its website and annual report.

2. Rationale for Adoption of the Policy

Despite the tempting application of the adage, “Don’t look a gift-horse in the mouth,” a nonprofit organization should adopt a written gift acceptance policy to delineate for the organization’s fundraising staff the types of gifts the organization may accept and the manner in which such gifts must be administered. Although the issues giving rise to an organization’s need for a gift acceptance policy generally relate to non-cash donations (and “non-standard contributions”), the nature and mission of an organization may likewise justify limitations on the receipt of unrestricted gifts of cash or sponsorships from certain proposed donors (e.g., a controversial enterprise or one that promotes activities inconsistent with the organization’s mission). The policy should provide guidelines to assist the organization to evaluate the risks (including reputational risks), costs, and benefits associated with a proposed gift before it is accepted.

Enlisting an organization’s board of directors, staff, and legal counsel to craft a carefully thought-out policy will help avoid embarrassment or ill-feelings by donors and unexpected burdens on the organization relating to a proposed gift, such as costly upkeep or maintenance of personal property or real estate. Once the policy is drafted, it is up to the organization’s management to assure it is enforced and that every potential gift is evaluated according to the policy before it is accepted by the organization.

The main purpose of a gift acceptance policy is to assist the organization in evaluating potential gifts in order to protect the organization from “problem” gifts (gifts that expose the organization to risk or are inconsistent with its mission).

3. **Background of Requirements/Sources for the Policy**

A. **Acknowledgement of the Gift**

A donor may not claim a tax deduction for any single contribution of \$250 or more without “a contemporaneous, written acknowledgment of the contribution from the recipient organization.”¹ Since a donor must have proof of payment for all cash donations, regardless of amount², as a courtesy most nonprofits provide receipts for *all* cash donations. Where no goods or services are provided in exchange for the donation, an organization will not incur a penalty for failing to provide a donor with a written acknowledgment for a gift of \$250 or more; however, **donations greater than \$75 must be acknowledged when part of the total donation includes payment for goods or services** (e.g., purchase of a fundraising dinner ticket). The written acknowledgement must provide a description and good faith estimate of the value of any goods or services provided. It must also inform the donor that the contribution deduction for tax purposes is limited to the amount of the donation minus the value of any goods or services the donor received. The disclosure statement for these types of *quid pro quo* donations must be provided either with the solicitation for the donation or the receipt of the *quid pro quo* donation. The disclosure statement must be in writing that is easily noticed by the donor.

The acknowledgement should include the organization’s name, the amount donated, and a statement that no goods or services were provided in return for the donation, if that is the case. Additional reporting requirements for donations of property valued at more than \$5,000 are described below.

B. **Reporting and Valuing a Gift valued at More than \$5,000**

A donor must file Form 8283 with the donor’s annual federal income tax return describing noncash charitable contributions for which a deduction is claimed.

If the value of the donated property (other than cash or publicly traded securities) exceeds \$5,000, (i) the donor must obtain a qualified appraisal of the property and attach [Form 8283](#) to the tax return to support the claimed charitable deduction; and (ii) the donee organization must sign Part IV of Section B, of that Form 8283. The organization’s signature on Part IV of Section B does not represent concurrence in the appraised value of the contributed property; rather it represents an acknowledgement of receipt of the property described on Form 8283 on the date specified on the form. Form 8283 inquires whether the donee organization intends to use the property for an “unrelated use.” It also requires the donee organization to affirm that “in the event it sells, exchanges, or otherwise disposes of the property described in [Form 8283] Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file Form 8282, Donee Information Return, with the IRS and give the donor a copy of that form.” *See 3.C.*

¹ IRC§ 170(f)(8) and Treas. Reg. §1.170A-13(f).

² IRC§ 170(f)(17).

below.

For more information, see IRS [Publication 561](#), *Determining the Value of Donated Property*.

C. Disposition of the Gift

If an organization sells, exchanges, or disposes of any donated property described in Section B, Part I of Form 8283 (e.g., property collectively valued over \$5,000 by donor) within three (3) years of receipt, the organization must file [Form 8282](#), *Donee Information Return*, unless the specific item (within the group of items listed in Section B, Part I of Form 8283) sold exchanged or disposed of is valued at less than \$500, or the property is distributed for charitable purposes.³

Form 8282 must be filed within 125 days after the disposition, and a copy of the Form must be given to the donor. Penalties may apply upon failure to file Form 8282.⁴

Special rules apply to donations of motor vehicles. See [Publication 4302](#), *A Charity's Guide to Vehicle Donations*.

D. Form 990, Schedule M and Instructions

Form 990, Schedule M, Part I, line 31, asks whether the organization has a “gift acceptance policy that requires the review of any non-standard contributions.” The Form 990 Instructions relating to this topic state:

“Answer ‘Yes’ if the organization has a gift acceptance policy that requires the review of any non-standard contributions. *A non-standard contribution includes a contribution of an item that is not reasonably expected to be used to satisfy or further the organization’s exempt purpose (aside from the need of such organization for income or funds) and for which (a) there is no ready market to which the organization can go to liquidate the contribution and convert it to cash, and (b) the value of the item is highly speculative or difficult to ascertain.* For example, the contribution of a taxpayer’s successor member interest of the type described in Notice 2007-72, 2007-36 I.R.B. 544, is a non-standard contribution for this purpose.” (emphasis added)

³ There are two situations where the organization does not need to file Form 8282: 1) If, at the time the original donee signed section B of Form 8283, the donor signed a statement on Form 8283 that the appraised value of the specific item was not more than \$500; and 2) if the item is consumed or distributed, without consideration, in fulfillment of the organization’s tax-exempt purpose.

⁴ Other rules may apply if the organization is not the “original donee;” e.g., the first donee to which the donor gave the property. These rules are beyond the scope of this Memorandum.

Schedule M must be filed by an organization that either: (i) received more than \$25,000 in non-cash contributions during its taxable year (excluding donated services and donated use of equipment, materials or facilities); or (ii) received contributions of art, historical treasures or similar assets, or qualified conservation contributions. Even if an organization is not required to complete Schedule M, it should consider adopting a gift acceptance policy for the reasons discussed in this Memorandum, including but not limited to providing guidelines to a charity's staff and board for soliciting and accepting gifts; identifying situations in which legal counsel should be sought; and preserving the organization's relationship with its donors by establishing criteria for possible rejection of proposed gifts.

4. Considerations and Procedures for Implementation of the Policy

In general, a gift acceptance policy will address issues related to the types of gifts that will be accepted. Smaller organizations may not have the staff or expertise to administer restricted gifts. The policy should set forth the procedural and substantive mechanisms by which potential gifts will be evaluated. The policy should encourage use of legal (or tax) counsel when deemed appropriate by the board (or other body evaluating potential gifts). Ultimately, the policy should state who is authorized to accept a gift on behalf of the organization.

A. Furthering the Charitable Purpose of the Organization. In deciding whether to accept a gift, an organization should examine whether the acceptance will compromise the core values of the organization, or whether it will further its mission, goals and objectives. Before accepting a controversial gift or a standard gift from a controversial source, the organization should consider whether the acceptance might create a public relations problem. The organization's gift acceptance policy (or a summary) can be posted on the organization's website to inform potential donors of possible restrictions or conditions related to intended gifts.

B. Gift Acceptance Committee. An organization should consider creating a gift acceptance committee of the board vested with authority to accept gifts in accordance with the policy. The board will need to decide who should be the members of the gift acceptance committee and the extent of the committee's delegated authority. Unless the gift acceptance committee's delegated authority were limited, it would be charged with the responsibility of reviewing gifts in accordance with the policy, researching and evaluating the proposed gift in light of the organization's policy, and/or making recommendations to the board with respect to such gifts.

C. Gifts Subject to Board Review. The policy should identify the types of gifts that are subject to board (or committee) review, including the factors to be considered in making its determination. Gifts of real estate and restricted gifts, including gifts not easily negotiated or valued, should always be carefully reviewed by the board. When an organization accepts a restricted gift, it is legally obligated to comply with the terms established by the donor. Legal counsel can help assure that the nature and extent of the obligations are fully understood.

D. Legal Counsel. The policy should identify the situations in which the organization should consider engaging legal counsel, as well as the circumstances in which the donor should be encouraged to engage the donor's own legal counsel. The organization needs to be mindful of the importance of making it clear that it is not the donor's advisor.

E. Real Property. Gifts of real property may present unique issues requiring analysis before acceptance. There can be significant carrying costs if the real property is to be held, as well as costs associated with a sale. The organization should request a copy of an appraisal of the property if available. If the real estate is to be used by the organization in connection with its exempt purpose, consider whether there are any restrictions, reservations, easements, or other limitations associated with the property.

If a gift of real estate is accepted by an organization, it should be appraised by a qualified and independent (independent of the donor and the organization) appraisal firm. The appraisal will establish the donor's tax deduction, possibly provide a reasonable value at which the property is recorded on the organization's books and establish a proposed sales price if it is to be sold.

If the real property is sold within three (3) years of its acceptance, the organization must file [Form 8282](#) (see 3.C. above). Donors should be required to disclose carrying costs related to the property, any encumbrances or limitations on the use of the property, including any environmental issues that may impact the use or value of the property. *Environmental liability can attach to anyone in the chain of title, including a nonprofit organization that received the property as a gift and did nothing to contribute to the hazard, so the policy should include detailed procedures before the organization can accept real property as a gift, including consideration of whether a Phase One Environmental Audit of the property may be appropriate.*

F. Planned Giving. An organization that solicits or encourages planned gifts should include the criteria for gift annuities, charitable remainder trusts, and pooled income funds (minimum level of gift, minimum age(s) of annuitant or beneficiaries, and what type of assets will be accepted). In California, the authority to issue charitable gift annuities comes from a state license. Any California nonprofit considering issuing a charitable gift annuity must do so through a licensed third party, unless the organization itself is licensed by the California Department of Insurance.

G. Restricted Gifts. Donors often wish to restrict the purposes for which their gifts will be used. If the organization will accept gifts with donor restrictions, the policy should set forth the criteria for such acceptance. Restricted funds require additional accounting and tracking. A new endowment fund should have a required minimum donation to justify the compliance costs associated with monitoring such a fund. The policy should include uniform policies related to endowments that will be included in written gift agreements with donors, including a provision that gives the organization variance power to use the endowment for a similar purpose, if the original purpose is no longer possible or practical.

H. Donor Recognition. If applicable, the policy should include criteria for the recognition of donors based on giving levels. Identify who may be recognized (individual, family or corporation). Identify what, if any, benefits are available at each level of giving so donor recognition is applied consistently and fairly. If the organization has naming opportunities, its Governing Body should establish a written schedule of naming opportunities, including details such as how and where names will be listed (size and scale of lettering on signage). Consider a temporal limitation for naming recognition (will donors be recognized in perpetuity?). Consider whether “in-kind” donations will be including in giving levels and whether giving may be cumulated over years to reach certain giving levels. The policy should address what happens if a named building, room or area is renovated, demolished, destroyed. The Governing Body should retain the right to terminate or modify the recognition if the Governing Board determines that a recognized donor is engaged in activities that conflict with the organization’s mission and values or that the donor is otherwise involved in disreputable or criminal activities or activities that would dishonor or embarrass the organization.

I. Review and Updating the Policy. Any gift acceptance policy should be reviewed periodically to assure that it remains consistent with the organization’s mission and core values, as the same may shift from time to time.

J. Acceptability of Gifts. The policy should state that the organization will not accept any gift that does not further the objectives of the organization.

K. Miscellaneous. The policy should identify who will be responsible for all fees and costs related to the gift and its transfer to the organization, including but not limited to legal fees or third party professional fees. The policy should also identify who is authorized to approve deviations from the policy.

5. Sample Policy or Policies

GIFT ACCEPTANCE POLICY

1. Policy and Purposes

This Policy represents the policy of _____ (the “Organization”) governing the solicitation and acceptance of gifts by the Organization. The board of directors or trustees or authorized committee (“Governing Body”) of the Organization and its staff solicit current and deferred gifts from individuals, corporations, foundations and others for purposes that will further and fulfill the Organization’s mission. Purposes of this Policy include: (a) guidance for the Governing Body, officers, staff and other constituencies with respect to their responsibilities concerning gifts to the Organization; and (b) guidance to prospective donors and their professional advisors when making gifts to the Organization. The provisions of this Policy shall apply to all gifts received by the Organization. Notwithstanding the foregoing, the Organization reserves the right to revise or revoke this Policy at any time, and to make exceptions to the Policy.

The mission (or a summary of the mission) of the Organization is: _____

_____.

2. Use of Legal Counsel

A. The Organization. The Organization shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:

- (1) Closely held stock transfers that are subject to restrictions or buy-sell agreements;
- (2) Documents naming the Organization as trustee;
- (3) Gifts involving contracts such as bargain sales, partnership agreements, or other documents requiring the Organization to assume an obligation;
- (4) Transactions with a potential conflict of interest;
- (5) Gifts of real estate;
- (6) Pledge agreements;
- (7) Any gift with restrictions; and
- (8) [Insert any other instances where use of counsel is deemed appropriate by the Governing Body.]

B. Donor. For non-standard gifts, in order to avoid potential any conflicts or potential conflicts of interest, the Organization should encourage prospective donors to seek the assistance of their own legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

3. General Policy

The Organization shall not accept gifts that:

- (1) Violate the terms of the Organization's organizational documents;
- (2) Would jeopardize the Organization's status as an exempt organization under federal or state law;
- (3) Are too difficult or expensive to administer;
- (4) Are for purposes that do not further the Organization's objectives; or
- (5) Could damage the reputation of the Organization.

Subject to Section 4 below, all final decisions on the acceptance or refusal of a gift, shall be made by the Governing Body.

4. Policy Regarding Specific Types of Gifts

A. Gifts Generally Accepted Without Review (Unrestricted Gifts of Cash). The Organization will accept unrestricted gifts of cash without prior review by the Governing Body, provided that, for donations of \$_____ or more, the identity of the donor has been vetted with respect to any reputational or policy issues. Unrestricted gifts of cash are acceptable in any form. Checks shall be made payable to the Organization.

B. Gifts Subject to Governing Body Review Prior to Acceptance. All gifts, other than unrestricted gifts of cash, must be reviewed by the Governing Body prior to acceptance, unless the Governing Body authorizes certain de minimis gifts or categories of gifts to be accepted without its review. The following guidelines also apply:

- (1) **Tangible Personal Property:** The Governing Body shall review and decide whether to accept gifts of tangible personal property by considering the following factors:
 - i. Whether the property furthers the mission of the Organization;
 - ii. The marketability of the property;
 - iii. The restrictions on the use, display, or sale of the property; and
 - iv. Carrying costs and possible liability for the property.
- (2) **Marketable Securities:**
 - i. Unrestricted marketable securities may be transferred to an account maintained by the Organization at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. All marketable securities shall normally be sold as soon as practical following receipt, unless otherwise directed by the

Organization's Governing Body.

ii. If the marketable securities are restricted by applicable securities laws, the Governing Body shall make the final determination on the acceptance of the restricted securities.

- (3) **Closely-Held Securities:** Closely-held securities, including debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs, or other ownership forms, can be accepted subject to the approval of the Governing Body of the Organization. The Governing Body shall review and decide whether to accept closely held securities based on the following factors:
- i. Restrictions on the security that would prevent the Organization from ultimately converting the securities to cash;
 - ii. The marketability of the securities; and
 - iii. Any undesirable consequences for the Organization from accepting the securities.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Governing Body of the Organization with advice of legal counsel when deemed necessary. Non-marketable securities shall be sold as quickly as possible.

- (4) **Bequests:** Donors may make bequests to the Organization under their wills and trusts. A bequest will not be recorded as a gift until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the gift will be recorded in accordance with GAAP.
- (5) **Charitable Remainder Trusts:** The Organization may accept designations as remainder beneficiary of a charitable remainder trust. The Organization [may] [shall not] accept appointment as trustee of a charitable remainder trust.
- (6) **Charitable Lead Trusts:** The Organization may accept designations as income beneficiary of a charitable lead trust. The Organization [may] [shall not] accept an appointment as trustee of a charitable lead trust.
- (7) **Retirement Plan Beneficiary Designations:** The Organization may accept designations as beneficiary of donors' retirement plans. Designations will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable, the gift will be recorded in accordance with GAAP.
- (8) **Life Insurance:** The Organization may accept designations as beneficiary

and owner of a life insurance policy. The life insurance policy will be recorded as a gift once the Organization is named as both beneficiary and irrevocable owner of a life insurance policy. The gift shall be valued in accordance with GAAP rules. If the donor contributes future premium payments, the Organization will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Organization may:

- i. Continue to pay the premiums;
- ii. Convert the policy to paid up insurance, or
- iii. Surrender the policy for its current cash value.

Donors may name the Organization as beneficiary or contingent beneficiary of their life insurance policies. Designations will not be recorded as gifts until the gift is irrevocable. Where the gift is irrevocable, , the gift shall be recorded in accordance with GAAP.

- (9) **Charitable Gift Annuities:** The Organization may offer charitable gift annuities. The minimum gift for funding is \$_____. The minimum age for life income beneficiaries of a gift annuity shall be _____. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be _____. No more than _____ life income beneficiaries will be permitted for any gift annuity. The Governing Body may make exceptions to these minimums.

Payment Schedule. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The Governing Body may approve exceptions to this payment schedule.

Illiquid Assets. The Organization [may] [shall not] accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Organization may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities if there is at least a five (5) year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Governing Body approves the arrangement.

Handling of Funds. Funds required as reserves for gift annuities should be established and maintained in accordance with applicable state insurance laws.

- (10) **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.

Environmental Review. Prior to acceptance of real estate, the Organization

shall require an initial environmental review of the property to ensure that the property has no environmental problem. If the initial inspection reveals a potential problem, the Organization shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be an expense of the donor.

Title Binder. A title binder shall be obtained by the Organization prior to the acceptance of the real property gift when appropriate. The cost of this title binder shall be an expense of the donor.

Factors for Acceptance. The Governing Body and legal counsel shall review and decide whether to accept real property based on the following factors:

- i. Whether the property is useful for the purposes of the Organization;
- ii. The marketability of the property;
- iii. Any encumbrances, leases, restrictions, reservations, easements, or other limitations associated with the property;
- iv. Any carrying costs associated with the property, including insurance, property taxes, mortgages, notes or other costs;
- v. Any concerns which the environmental audit revealed.

(11) **Remainder Interests in Property:** The Organization will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of this Paragraph 4. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the life tenant(s), the Organization may use the property or reduce it to cash. Expenses for maintenance, real estate taxes, and any property indebtedness shall be paid by the donor or primary beneficiary.

(12) **Oil, Gas, and Mineral Interests:** The Organization may accept oil and gas property interests when appropriate. The Governing Body and legal counsel shall review and decide whether to accept oil, gas, and mineral interests subject to the following limitations:

- i. Gifts of surface rights should have a value of \$_____ or greater.
- ii. Gifts of oil, gas and mineral interests should generate at least \$_____ per year in royalties or other income (as determined by the average of the three years prior to the gift).
- iii. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- iv. A working interest should only be accepted after consideration of potential liability and tax consequences.
- v. The property should undergo an environmental review to ensure that the Organization has no current or potential exposure to environmental

liability.

- (13) **Restricted Gifts:** A gift with restrictions will be accepted only if and when the restrictions are approved by the Governing Body.
- (14) **Named Funds:** A donor, or group of donors, may contribute and name a fund and restrict the use of the income or principal of the fund. Named funds require a minimum contribution of \$_____ and are subject to Governing Body approval like any other restricted gift.

5. Additional Provisions

A. Gift Agreements. Where appropriate, the Organization shall enter into a written gift agreement with the donor, specifying the terms of any restricted gift, which may include provisions regarding donor recognition.

B. Pledge Agreements. Acceptance by the Organization of pledges by donors of future support of the Organization (including by way of matching gift commitments) shall be contingent upon the execution and fulfillment of a written charitable pledge agreement specifying the terms of the pledge, which may include provisions regarding donor recognition.⁵

C. Fees. The Organization will not accept a gift unless the donor is responsible for (1) the fees of independent legal counsel retained by donor for completing the gift; (2) appraisal fees; (3) environmental audits and title binders (in the case of real property); and (4) all other third-party fees associated with the transfer of the gift to the Organization.

D. Valuation of Gifts. The Organization shall record gifts received at their valuation on the date of gift, except that, when a gift is irrevocable, but is not due until a future date, the gift may be recorded at the time the gift becomes irrevocable in accordance with GAAP.

E. IRS Filings upon Sale of Gifts. To the extent applicable, the Governing Body shall file IRS Form 8282 upon the sale or disposition of any charitable deduction property sold within three (3) years of receipt by the Organization. "Charitable deduction property" means any donated property (other than money and publicly traded securities) if the value claimed by the donor exceeds \$5,000 per item or group of similar items donated by the donor to one or more donee organizations (e.g., the property listed in Section B on Form 8283). The Organization shall file this form within 125 days of the date of sale or disposition of the asset.

F. Written Acknowledgement. The Governing Body of the Organization shall provide written acknowledgement of all gifts made to the Organization and comply

⁵ In California, charitable pledge agreements are generally not enforceable in the absence of consideration flowing to the pledgor. To assure collectability of the pledge, the Organization should enter into a valid contract with the pledgor.

with the current IRS requirements in acknowledgement of the gifts.

G. Changes to or Deviations from the Policy. This Policy has been reviewed and accepted by the Organization's Governing Body, which has the sole power to change this Policy. In addition, the Governing Body [or _____] must approve in writing any deviations from this Policy.

H. Donor Recognition. [Consider whether to include criteria for recognition of donors and details of recognition.]

#####



...find the answer here

**SAMPLE
Gift Acceptance Policies**

SAMPLE #1

1. [Name of Nonprofit] solicits and accepts gifts that are consistent with its mission and that support its core programs, as well as special projects.
2. Donations and other forms of support will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, subject to the following limitations:
 - a. [describe limitations here, such as delivered to the agency, new or nearly new condition, proof of ownership.]
3. Gifts of Real Property, Personal Property or Securities may only be accepted upon approval of the [name of appropriate reviewing body, such as the nonprofit's Finance Committee].

SAMPLE #2

1. [Organization Name] solicits and accepts gifts that are consistent with its mission.
2. Donations will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, without limitations.
3. In the course of its regular fundraising activities, [Organization Name] will accept donations of money, real property, personal property, stock, and in-kind services.
4. Certain types of gifts must be reviewed prior to acceptance due to the special liabilities they may pose for [Organization Name]. Examples of gifts which will be subject to review include gifts of real property, gifts of personal property, and gifts of securities.

SAMPLE #3

[in the format of a corporate resolution]

Whereas [Organization Name] actively solicits gifts and grants to further the mission of the organization, and

These sample policies are shared for educational purposes only and should not be considered legal advice for any specific situation. The Nonprofit Risk Management Center encourages all nonprofits to have governance policies reviewed by legal counsel. www.nonprofitrisk.org

Whereas there is the potential for controversy if certain gifts are accepted, the organization has adopted the following Gift Acceptance Policy:

When considering whether to solicit or accept gifts, the organization will consider the following factors:

- Values—whether the acceptance of the gift compromises any of the core values of [Organization Name]
- Compatibility—Whether there is compatibility between the intent of the donor and the organization’s use of the gift
- Public Relationships—whether acceptance of the gift damage the reputation of [Organization Name]
- Primary Benefit—whether the primary benefit is to [Organization Name], versus the donor
- Consistency—is acceptance of the gift consistent with prior practice?
- Form of Gift—Is the gift offered in a form that [Organization Name] can use without incurring substantial expense or difficulty?
- Effect on Future Giving—Will the gift encourage or discourage future gifts?

All decisions to solicit and/or accept potentially controversial gifts will be made by the Executive Committee of the Board in consultation with the Executive Director. The primary consideration will be the impact of the gift on the organization.

SAMPLE #4

[Organization Name] solicits and accepts gifts for purposes that will help the organization further and fulfill its mission. [Organization Name] urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences. The following policies and guidelines govern acceptance of gifts made to [Organization Name] for the benefit of any of its operations, programs or services.

Use of Legal Counsel—[Organization Name] will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- A. Gifts of securities that are subject to restrictions or buy-sell agreements.
- B. Documents naming [Organization Name] as trustee or requiring [Organization Name] to act in any fiduciary capacity.
- C. Gifts requiring [Organization Name] to assume financial or other obligations.
- D. Transactions with potential conflicts of interest.
- E. Gifts of property which may be subject to environmental or other regulatory restrictions.

Restrictions on Gifts—[Organization Name] will not accept gifts that (a) would result in [Organization Name] violating its corporate charter, (b) would result in [Organization Name] losing its status as an IRC § 501(c)(3) not-for-profit organization, (c) are too difficult or too expensive to administer in relation to their value, (d) would result in any unacceptable

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consequences for [Organization Name], or (e) are for purposes outside [Organization Name]'s mission. Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Committee, in consultation with the Executive Director.

Gifts Generally Accepted Without Review—

- *Cash.* Cash gifts are acceptable in any form, including by check, money order, credit card, or on-line. Donors wishing to make a gift by credit card must provide the card type (e.g., Visa, MasterCard, American Express), card number, expiration date, and name of the card holder as it appears on the credit card.
- *Marketable Securities.* Marketable securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. All marketable securities will be sold promptly upon receipt unless otherwise directed by [Name of Organization]'s Investment Committee. In some cases marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances the decision whether to accept the restricted securities shall be made by the Executive Committee.
- *Bequests and Beneficiary Designations under Revocable Trusts, Life Insurance Policies, Commercial Annuities and Retirement Plans.* Donors are encouraged to make bequests to [Organization Name] under their wills, and to name [Organization Name] as the beneficiary under trusts, life insurance policies, commercial annuities and retirement plans.
- *Charitable Remainder Trusts.* [Organization Name] will accept designation as a remainder beneficiary of charitable remainder trusts.
- *Charitable Lead Trusts.* [Organization Name] will accept designation as an income beneficiary of charitable lead trusts.

*Gifts Accepted Subject to Prior Review—*Certain forms of gifts or donated properties may be subject to review prior to acceptance. Examples of gifts subject to prior review include, but are not limited to:

- *Tangible Personal Property.* The Executive Committee shall review and determine whether to accept any gifts of tangible personal property in light of the following considerations: does the property further the organization's mission? Is the property marketable? Are there any unacceptable restrictions imposed on the property? Are there any carrying costs for the property for which the organization may be responsible? Is the title/provenance of the property clear?
- *Life Insurance.* [Organization Name] will accept gifts of life insurance where [Organization Name] is named as both beneficiary and irrevocable owner of the insurance policy. The donor must agree to pay, before due, any future premium payments owing on the policy.
- *Real Estate.* All gifts of real estate are subject to review by the Executive Committee. Prior to acceptance of any gift of real estate other than a personal residence, [Organization Name] shall require an initial environmental review by a qualified environmental firm. In the event that the initial review reveals a potential problem, the organization may retain a qualified environmental firm to conduct an environmental audit. Criteria for acceptance of gifts of real

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These sample policies are shared for educational purposes only and should not be considered legal advice for any specific situation. The Nonprofit Risk Management Center encourages all nonprofits to have governance policies reviewed by legal counsel. www.nonprofitrisk.org

estate include: Is the property useful for the organization's purposes? Is the property readily marketable? Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property? Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property? Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?

These sample policies are shared for educational purposes only and should not be considered legal advice for any specific situation. The Nonprofit Risk Management Center encourages all nonprofits to have governance policies reviewed by legal counsel. www.nonprofitrisk.org

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Cover Sheet

Fiscal Policy Review

Section: VI. Fiscal Policy Review
Item: A. Fiscal Policy Review
Purpose: Discuss
Submitted by:
Related Material: CNCA Fiscal Policies.Revision_09.08.20.pdf

Fiscal Policies & Procedures



**Camino
Nuevo
Charter
Academy**

Approved by the Board of Directors, September 8, 2020

CNCA Fiscal Policies & Procedures

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Introduction

The Governing Board of Camino Nuevo Charter Academy (CNCA) has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of CNCA to support its mission and to ensure that the funds are budgeted, accounted for, expended and maintained appropriately.

Accounting Procedures

This section covers basic accounting procedures for the organization. The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

Basis of Accounting

Policy: The organization uses the accrual-basis of accounting at year-end, meaning that revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of when the receipt or payment of cash takes place.

Procedures:

- Throughout the fiscal year, revenue is recorded in the month in which it is received and expenses are recorded in the month in which they occur.
- At the close of the fiscal year, all revenue earned in the fiscal year, but not received is accrued. All expenses that have been incurred but not paid are also accrued. This ensures that that the year-end financial statements reflect all revenue earned and all expenses incurred during the fiscal year.
- Year-end books, inclusive of adjusting journal entries, are closed by December 15, the date by which the audit report must be submitted to the state controller and respective reporting agencies.

Bank Reconciliations

Policy: Bank reconciliation and approval will occur on a monthly basis.

Procedures:

- The ExED* Accounting Associate or Senior Accounting Associate (AA/SAA) assigned to the organization will print the bank statements directly from the online banking system. If online banking is unavailable, the organization will make copies of the original statement available to ExED.
- The ExED AA/SAA will prepare the bank reconciliation.
- The Accounting Manager or Vice President, School Finance assigned to the organization will review and approve the bank reconciliation by initialing and dating the report.

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Record Keeping

Policy: Financial records will be retained for a minimum of seven years or as outlined in the 990 policy.

Procedures:

- ExED will retain financial records, including transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll record, and any other necessary fiscal documentation at its site until the prior year audit has been completed.
- ExED will deliver financial records to the organization for storage for the remaining years of the seven year retention period.
- At the discretion of the Governing Board or Chief Executive Officer, certain documentation may be maintained for a longer period of time.
- Financial records will be shredded at the end of their retention period.
- Backup copies of electronic and/or paper documentation should be stored in a secure location.

Internal Controls

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

All documentation related to financial matters will be completed by computer, typewriter, or ink. Completion by pencil is not permitted.

Lines of Authority

Governing Board

- Approves the fiscal policies and procedures and delegates administration of the policies and procedures to the Chief Executive Officer.
- Ensures that the fiscal policies and procedures are current, meaning that they have been reviewed and updated annually.
- Approves the opening and closing of bank accounts and the list of authorized signers and the organization address on record.
- Approves all third-party loans.
- Approves the opening of business credit cards.
- Reviews and approves the annual budget.
- Reviews annual and monthly financial statements, including the the ExED-prepared financial dashboard and budget-to-actual variance analysis.
- Reviews the Chief Executive Officer's performance annually and establishes compensation.
- Reviews and approves all contracts over \$100,000.
- Commissions the annual financial audit by an independent third party auditor approved by the State of California.
- Approves the annual financial audit by December 15.

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- Appoints someone else to perform the duties of the Chief Executive Officer in the case of absence.

Chief Executive Officer

- Is responsible for all operations and activities related to financial management.
- Develops the Home Support Office and Consolidated organization annual budget with ExED.
- Approves Site Budgets developed by Site Principals and ExED.
- Reviews and approves all contracts under \$100,000.

Chief Executive Officer and/or Designee

- Reviews and approves all expenditures.
- Develops annual site budget with ExED.
- Oversees the adherence to all internal controls.
- Appoints someone else to perform his/her duties in case of absence.

Segregation of Duties

Policy: The organization's financial duties shall be distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

Procedures:

- Procedures for each section of this document will identify the position responsible for carrying out each function so that no single person or entity has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.
- All administrative employees are required to take annual vacations of at least five (5) consecutive days. During the mandatory vacation, responsibilities shall shift to another employee who has been cross-trained in those responsibilities.

Financial Planning & Reporting

Budgeting Process

Policy: In consultation with the Chief Executive Officer and Treasurer the Chief Financial Officer and ExED will prepare the annual budget for approval by the Governing Board. The budget is to be approved by the Governing Board prior to the start of each fiscal year.

Procedures:

- The Chief Executive Officer will work together with the Chief Financial Officer, Department of Human Resources, and Site Principals to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.

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- ExED will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
- ExED, in consultation with the Chief Executive Officer and Chief Financial Officer, will set a target net income goal to meet strategic goals and/or comply with existing loan covenants.
- The Chief Financial Officer will present a draft budget to the Board prior to the end of the fiscal year.
- The Governing Board will review and approve the budget no later than its last meeting prior to the start of the fiscal year.
- ExED will prepare financial statements displaying budget vs. actual results for presentation by the Chief Financial Officer to the Governing Board at each board meeting.

Internal Financial Reports

Policy: The organization reviews regular financial reports on a monthly basis.

Procedures:

- ExED is responsible for producing the following year-to-date reports within 45 days of the end of each month (in August through June): Income Statement including budget to actual variances, Balance Sheet, Financial Analysis, and Cash Flow Projection.
- ExED will distribute check register each month to the Chief Executive Officer, Chief Financial Officer, and Site Principals.
- The Chief Executive Officer, Chief Financial Officer, Site Principals, and Board Treasurer will review financial reports each month.
- The Chief Financial Officer and/or the Treasurer will present the financial reports to the Governing Board at each meeting.

Audit

Policy: The Governing Board will contract annually with a qualified independent certified public accounting firm to conduct an audit of the organization's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and, if applicable, the *U.S Office of Management and Budget's Circular A-133*. The selected audit firm must be familiar with these standards, related State of California and Charter School regulations, and the *Standards and Procedures for Audits of California K-12 Local Education Agencies Audit Guide* (which can be found at <http://eaap.ca.gov/audit-guide/current-audit-guide-booklet/>), in order to properly conduct the audit engagement.

After six consecutive fiscal years, the organization will contract with a new audit firm or require a change/rotation in audit partners in the seventh year, unless a waiver is obtained from the Educational Audit Appeals Panel. (Education Code 41020).

Procedures:

- The Governing Board will appoint an Audit Committee of one or more persons by January 1 of each year.

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- The Audit Committee may include persons who are not members of the board, but may not include any members of the staff of the corporation, including the president or CEO or the treasurer or CFO. In addition, any person with expenditure authorization or recording responsibilities within the organization may not serve on the committee.
- The Audit Committee will be responsible for contracting with an audit firm by March 1 of each year, unless the existing contract is a multi-year contract.
- The Audit Committee will be responsible for reviewing the results of the annual audit and developing a corrective action plan to address all relevant weaknesses noted by the auditor.
- The Governing Board will review and approve the audit no later than December 15.
- The audit firm will be responsible for submitting the audit to all reporting agencies no later than December 15.

Tax Compliance

Exempt Organization Returns

Policy: The audit firm contracted by the Governing Board to conduct the annual financial audit will prepare the annual Federal Form 990 and the California Form 199. The tax forms are to be filed no later than May 15 of each year.

Procedures:

- ExED will work with the tax preparer to complete the organization's tax returns.
- The Chief Executive Officer will review the tax returns before submitting to the Governing Board for final approval prior to May 15.
- The Form 990 will be available to the public via GuideStar, an information service specializing in reporting on U.S. nonprofit companies.

Quarterly/Annual Payroll Reports

Policy: ExED will prepare the state and federal quarterly and annual payroll tax forms and will submit the forms to the respective agencies within established deadlines.

Procedures:

- ExED will prepare employee W2s by January 31 each year.
- ExED will file quarterly payroll tax reports (941 and DE9) by the filing deadline.

Revenue & Accounts Receivable

Cash Receipts

Policy: Cash receipts (including check or cash payments received via mail or in person and deposits received via Electronic Fund Transfer) shall be recorded completely and accurately to prevent the misappropriation of assets.

Procedures:

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- For each fundraising or other event in which cash or checks will be collected, the Chief Executive Officer, Chief Financial Officer, or Site Principals will designate a staff member to be responsible for managing the process to collect and hold all cash and checks related to the event.
- The designee will record each transaction in a receipt book or document each item sold at the time the transaction is made in a log or similar.
- The designee shall give the cash, checks, deposit summary, and any related supporting documentation to the Office Manager immediately.
- The Office Manager and the designee will recount and reconcile the amount received with the supplied supporting documentation and each will sign for approval.
- Office Manager will save copy of pdf deposit packet including deposit slip to the myExED portal secure file sharing application *box*.
- The office manager will immediately put the funds in the secure Drop Safe used for Armored services weekly pick-up.
- ExED will reconcile the deposit packet to the deposit slip and the bank statement as part of the monthly close process.
- Cash/checks dropped off in the classroom will be held by the teacher. Each morning, the teacher will collect all forms, payments, etc. that have been brought in by students that day and place them in a large envelope. Before the end of the work day, the teacher will bring the envelope from his/her classroom to the office where the cash/checks will be counted by the teacher and the office manager.
- Mail (including anything official such as governmental notices, invoices and checks) received at the school must be opened by office staff members and stamped with a “received” stamp. If possible, the person opening the mail should not also be responsible for making bank deposits.
- When utilizing merchant or online web contribution services, appropriate segregation of duties shall be in place to ensure that no single person is able to perform incompatible functions (custody, recording, approving).

Deposits

Policy: ExED is responsible for collecting deposits from all CNCA sites and making bank deposits.

Procedures:

- The Office Manager will restrictively endorse each check received (e.g. For Deposit Only Camino Nuevo Charter Academy).
- The Office Manager will prepare a deposit packet itemizing the amount, source, and purpose of each check or cash payment received. The Chief Executive Officer, Chief Financial Officer, or Site Principals will review and approve the deposit packet.
- The Office Manager will provide the deposit packet to the Home Support Office.
- The Home Support Office Office Manager or designee will make the deposit via the Wells Fargo remote Desktop Deposit System and attach the deposit receipt to a copy of the deposit packet that includes scanned pdf images of the checks deposited.
- Office Manager will save copy of pdf deposit packet including deposit slip to the myExED portal secure file sharing application *box*.

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- ExED will reconcile the deposit packet to the deposit slip and the bank statement as part of the monthly close process.

Expense & Accounts Payable

Payroll

Policy: Employees are paid on a semi-monthly basis. Under the supervision of the Chief Executive Officer, VP of Human Resources, and Site Principals, ExED will be responsible for processing payroll through a third-party provider.

Time Sheet Preparation & Approval

Policy: All non-exempt employees are required to record time worked, holidays, and leave taken for payroll, benefits tracking, and cost allocation purposes.

Procedures:

- Non-exempt employees will be responsible for completing a timesheet, recording hours worked and vacation, sick or holiday time if applicable.
- Each non-exempt employee will approve his/her timesheet via his/her signature or submission through the payroll system.
- Each supervisor will review and approve his/her employees' timesheets by signing each timesheet or approving each timesheet in the payroll system.
- Supervisors will return, either physically or via the payroll system, incomplete timesheets to the employee for revision.
- If an employee is unexpectedly absent and therefore prevented from working on the last day of the pay period or turning in his/her timesheet, the employee is responsible for notifying the signatory supervisor or for making other arrangements to submit the timesheet. The employee must still complete and submit the timesheet upon return.
- Salaried employees are responsible for requesting leave, and supervisors are responsible for tracking leave taken by salaried employees.

Time and Effort Reporting

Policy: Federal Uniform Guidance, 2 CFR 200, requires that employees funded through federal funds document the time they spend on activities. Employees funded through federal grants fall into one of these categories:

- a) Employees funded through only one federal source or a single cost objective.
- b) Employees funded through more than one source, one of which is federal.

At Camino Nuevo Charter Academy federally-funded employees *may* be funded from any of the following programs:

1. Title I (3010)

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2. Title II (4035)
3. Title III (4201 and 4203)
4. Title IV (4127)
5. Special Education (3310)

Procedures:

Employees Funded Through Only One Federal Source

CNCA employees who are funded through only one federal source must account for their time twice annually using the Semi-Annual Certification Form. The Semi-Annual Certification must be completed at the end of October and the end of March. The following information will be included on the form:

1. Employee Name
2. Position Title
3. School
4. Reporting Period
5. Program(s)/Resources(s)
6. Supervisor's Signature

Employees Funded Through More Than One Source, One of Which is Federal Personnel Activity Report (PAR)

The PAR form will be prepared monthly and coincide with the CNCA payroll schedule. The employee must confirm the percentage of hours worked while performing different activities funded through federal funding. These activities should be outlined in the employee's duty statement. The PAR form will account for an after-the-fact distribution of the actual activity for which each employee is compensated. The following information will be included on the form:

1. Employee Name
2. Position Title
3. School
4. Reporting Period

5. Program(s)/Resources(s)
6. Employee Signature

Other Requirements/Information Regarding Time and Effort Reporting Duty Statement

Each federally funded employee must also complete a duty statement. A duty statement is similar to a job description, but provides additional details about the specific activities and work the employee performs. If the employee's duties remain consistent throughout the school year, then only one duty statement needs to be submitted. This duty statement will be submitted with the first Time and Effort document (Semi-annual Certification or PAR form.) If an employee's duties change during the course of the school year, then a new duty statement will need to be submitted along with the employee's Time and Effort documentation form.

Submission Requirements

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All forms must be submitted within two weeks of the end of the recording period to the Principal or Chief Financial Officer who oversees the federal funding source from which the employee is funded.

Training

Training in regards to Time and Effort documentation will take place each year by November for all employees who have not been previously trained in the documentation procedures. New employees hired after the fall training date(s) and/or whose salaries are later designated to be paid with federal funds will be trained in Time and Effort documentation prior to the next Time and Effort documentation period.

Personnel Changes

Any employee whose salary is charged to a federal funding source will be notified by the Principal or Chief Financial Officer overseeing the federal monies. Notification will be in a timely manner and prior to the completion and collection of the documentation/reports.

Record Retention

Time and effort records will be kept on file for a minimum period of three (3) years by the Chief Financial Officer of those federal funds.

Payroll Additions, Deletions, and Changes

Policy: The Chief Executive Officer, Chief Financial Officer, VP of Human Resources, and Site Principals are authorized to approve all payroll changes within the scope of his/her budget authority.

Procedures:

- The VP of Human Resources or designee will submit, either physically or electronically via payroll system, new hire or employee change paperwork to ExED prior to the payroll deadline for the first pay period in which the change or addition is to go into effect.

Payroll Preparation & Approval

Policy: ExED will prepare payroll in accordance with the organization's payroll calendar.

Procedures:

- Five days prior to each check date, the Office Manager will provide ExED with a summary payroll report that includes:
 - A listing of salaried staff to be included in the payroll and an accounting of any vacation, sick, or personal hours to be recorded for each salaried employee.
 - The number of hours each hourly employee worked during the pay period as well as an account of any vacation, sick, or personal hours to be recorded for each hourly employee.
- The ExED Accounting Analyst, Associate, or Senior Associate assigned to the organization will prepare payroll based upon the summary payroll report and submit the "Register Prior to Processing" to the ExED Accounting Manager (AM) or Vice President (VP), School Finance.
- The ExED senior staff will review the "Register Prior to Processing" and the supporting "Employee Change Listing" for accuracy and completeness.

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- If there are changes between the payroll summary report and the register, ExED will obtain approval from the Chief Executive Officer, VP of Human Resources, or Site Principals before submitting payroll.
- The ExED Accounting Manager or Vice President, School Finance will submit payroll to the 3rd party payroll provider for check and direct deposit processing.
- The 3rd party payroll provider will deliver the payroll package to the organization address on file one day prior to the check date.
- The Chief Executive Officer, VP of Human Resources, or Site Principals or designee will be responsible for opening the payroll package, reviewing reports for accuracy, and notifying ExED of any missing checks.
- The Chief Executive Officer, VP of Human Resources, Site Principals, or designee will distribute pay stubs to employees on the check date.

Pay Upon Termination

Policy: Employees who are discharged shall be paid all wages due at the time of termination. (Labor Code § 201) Employees who quit without giving prior notice shall be paid wages within 72 hours (inclusive of weekends and holidays). If the employee gives at least 72 hours' notice, the wages must be paid on the last day worked. (Labor Code § 202)

Procedures:

- The VP of Human Resources or designee will inform ExED of any voluntary or involuntary termination immediately and will provide an accounting of the hours/days worked since the last payroll and any accrued Paid Time Off (PTO) to be paid.
- ExED will calculate the final check based on the hours/days worked and the employee's pay rate.
- ExED will prepare the final check and provide to the school in accordance with the timelines required by law. The organization is responsible for creating and obtaining the employee's signature on the final check acknowledgement.
- An employee who quits without 72 hours' notice may request that his or her final wage payment be mailed to a designated address. The date of mailing will be considered the date of payment. (Labor Code § 202)
- The final check may not be provided via direct deposit.
- The organization must provide ExED with a list of non-returning staff two weeks prior to the last day of instruction to ensure that final checks are distributed in accordance with labor law.

Purchases & Procurement

Policy: All purchases must be authorized by the Chief Executive Officer, Chief Financial Officer, or Site Principals. Any expenditure in excess of \$30,000 for the purchase of a single item should have bids from three (3) suppliers if possible. Any food contract that exceeds \$150,000 (the small purchase threshold set by the US Department of Agriculture) shall follow a competitive bid process.

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Goods or services purchased with federal funds must follow federal procurement guidelines as outlined in Education Department General Administration Regulations (EDGAR), Part 80— Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Sub-part C (Post Award Requirements), Section 80.36 (Procurement) located at: <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

The Governing Board must approve any contract over \$100,000.

Meeting food purchasing guidelines are to be followed.

Procedures:

- All purchases over \$500 require a purchase requisition.
- The Chief Executive Officer, Chief Financial Officer, or Site Principals will approve the purchase requisition after determining:
 - If the expenditure is budgeted.
 - If funds are available for the expenditure.
 - If the expenditure is allowable under the appropriate revenue source.
 - If the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures and any related laws or applicable regulations.
 - If the price is competitive and prudent and proper bidding procedures have been followed.

Meeting Food

- Sign-In Sheets are required to be submitted with purchase documentation when food is purchased or provided to staff or stakeholders

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Parent Meetings Coffee with the Principal Workshops	Allowable	Light Snacks Only Granola Bars, Chips, Baked Goods, Fruit Coffee/Juice/Water
Staff Professional Development \$5 or less Breakfast per Employee \$10 or less Lunch per Employee	Allowable	Pre-Order food from vendor Check for delivery fees Do not tip if delivery fee included Tips should be no more than 5% Receipt must show tip if given When in Doubt Do Not Tip
Celebrations Teacher Appreciation Holiday Celebrations Student Graduation Mother's Day Sports Banquets (Treat as a fundraiser)	Not Allowable	OK: Donations or Potluck Purchases for Celebrations are considered a Gift of Public Funds and not allowable by the Government
Food Delivery Service DoorDash GrubHub Postmates Uber Eats Etc.	Not Allowable	High Cost No Reason to use when ordering food in advance for Staff PD Days

Contracts

- The Chief Executive Officer, Chief Financial Officer, or Site Principals will consider in-house capabilities to accomplish services before contracting for them.
- The Chief Executive Officer, Chief Financial Officer, or Site Principals will keep and maintain a contract file evidencing the competitive bids obtained (if any were required) and the justification of need for any contract over \$30,000.
- The Chief Executive Officer, Chief Financial Officer, or Site Principals will confirm that the contractor is not listed in the US government's Suspended or Disbarred list via a search of the System for Award Management (www.sam.gov). The Chief Executive Officer, Chief Financial Officer, or Site Principals will keep a record of all searches.
- The Chief Executive Officer, Chief Financial Officer, or Site Principals will ensure that a written contract clearly defining work to be performed is on file for all contract service providers (i.e. consultants, independent contractors, subcontractors).
- Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and workers' compensation insurance currently in effect. The Chief Executive Officer or designee may also require that contract service providers list the school as an additional insured.
- The Chief Executive Officer will approve proposed contracts and modifications in writing.
- Contract service providers will be paid in accordance with approved contracts as work is performed.
- The Chief Executive Officer, Chief Financial Officer, VP of Human Resources, or Site Principals will be responsible for ensuring the terms of the contracts are fulfilled.

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- Potential conflicts of interest will be disclosed upfront, and the Chief Executive Officer and/or Member(s) of the Governing Board with the conflict will excuse themselves from discussions and from voting on the contract.

Credit Cards

Policy: Organization credit card accounts shall only be established with the formal approval of the Governing Board and may only be used for organization-related expenditures.

Procedures:

- Purchase requisition and other documentation requirements apply to credit card purchases above \$500.
- Tipping shall be applied to transportation and meal costs only.
- The bank and/or consumer credit card (Amazon, Home Depot, Staples, etc.) will be kept under the supervision of the card holder.
- An itemized receipt should be turned in for all purchases.
- If receipts are not available, missing or contain an inappropriate expense, the individual making the charge will be held responsible for payment.
- In the case of a missing receipt, a missing receipt form shall be submitted and approved by the Chief Executive Officer. Should the Chief Executive Officer be required to complete a "missing receipt" form, authorization must be granted by a member of the Governing Board.
- Credit cards will bear the names of both the organization and the cardholder as authorized by the Governing Board.
- No personal charges are permitted.
- All reward points or discounts are property of the school. Use of such points or discounts is at the discretion of the Chief Executive Officer and should be used for the benefit of the organization.
- Upon termination, the employee shall immediately return the credit card and all receipts to the VP of Resources.

Debit Cards

Policy: Organization debit cards are not permitted.

Procedures:

If a debit card is automatically issued by the bank, the Chief Executive Officer or designee will:

- Contact the bank to deactivate debit card service from the account.
- Destroy the physical debit card.

Gift Cards

Policy: Gift cards purchased with Non-Government grant funds awarded to Camino Nuevo Charter Academy (CNCA) need to follow the CNCA purchasing policies as well as Internal Revenue Service ("IRS") guidelines. Gift cards are treated as cash gifts and we may not make a gift of public CNCA funds. The award of gift cards (i.e.: Visa, In-n-Out, iTunes, etc.) or cash prizes

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using CNCA funds to employees, students, and community members for any purpose is expressly prohibited. This policy is designed to lay out circumstances and protocols for when gift card purchases may be allowable.

In rare circumstances, Non-Government grant awards may stipulate the use of gift cards to meet grant requirements. Gift cards are treated as cash and should not be purchased without express permission from the CFO and for a specific project (such as to fulfill the requirements of a grant agreement or specific project). For gift card purchased with Non-Government Grant funds, the grant proposal and/or grant agreement must specify a) why gift cards are being purchased; b) how the gift cards will be used; and c) how they will be distributed. Purchases not complying with grant and organization requirements may result in loss of funding.

- Gift cards may only be purchased when fulfilling a grant requirement.
- Gift cards must be distributed within the same fiscal year of purchase.
- Any gift cards not distributed at the end of the school year need to be immediately turned into the CFO or the Home Support Office for safekeeping or redistribution.
- Gift cards cannot be used to make purchases outside the normal purchasing procedures for the CNCA. Using gift cards to purchase supplies or other items bypasses the normal approval process and controls. This also results in possible unauthorized sales tax as well as unused balances which are difficult to document for audit purposes.

This procedure applies to all CNCA employees, representatives, and students.

Procedures:

(Gift Card Purchase Form) The Gift Card Purchase Form, when completed, is an executed Authorization for the Purchase of Gift Cards and is required for gift card transactions.

Information to be completed includes the following:

1. Funds to be used to purchase gift cards (including grant name)
2. Intended Use of gift cards/
3. Vendor Name
4. Aggregate Amount of gift cards
5. Description (number/face amount to be purchased)
6. Distribution plan, including month/year to be distributed
7. Purchaser's name and signature
8. Date
9. Appropriate authorized name and signature

A copy of the approved grant proposal/funding award must be submitted with the gift card purchase form.

The individual distributing the gift cards/ must document each time a gift card/ is disbursed for the following: date of distribution; recipient's name; recipient's status (student, employee, non-employee)*; gift card number.

*If it is determined in any calendar year a non-employee has received an amount of \$600.00 or more, the issuing department will be responsible for obtaining an IRS Form W-9 from the recipient.

VIOLATIONS OF THIS PROCEDURE

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Violations of this procedure or failure to timely cooperate in compliance by any individuals who purchase or distribute gift cards/certificates on behalf of CNCA may result in forfeiture of funding.

Independent Contractors

Policy: The organization will comply with all applicable federal and state laws relative to the use of independent contractors.

Procedures:

- The Chief Executive Officer has the authority to establish a contract with an independent contractor and is responsible for verifying that the person is appropriately classified as an independent contractor and not as an employee and for obtaining a Form W-9.
- School employees may not serve as independent contractors.
- Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and workers' compensation insurance currently in effect. The Chief Executive Officer may also require that contract service providers list the school as an additional insured.
- All services performed by independent contractors will be processed as accounts payable.
- At the close of the calendar year, ExED will issue a Form 1099 to all independent contractors in accordance with IRS regulations.

Invoice Approval & Processing

Policy: The Chief Executive Officer, Chief Financial Officer, or Site Principals must approve all invoices. The following procedures will be performed either manually or electronically.

Procedures:

- The Office Manager will open and review invoices and bills and will notify the Chief Executive Officer, Chief Financial Officer, or Site Principals of any unexpected or unauthorized expense.
- When receiving tangible goods from a vendor, the Office Manager will trace the merchandise to the packing list and note any items that were not in the shipment.
- The Office Manager will code invoices to the correct budget line.
- Invoices are then routed to the Chief Executive Officer, Chief Financial Officer, or Site Principals for payment approval.
- If the vendor is a sole proprietor or a partnership (including LP, and LLP) providing a service, the Office Manager will obtain a W-9 from the vendor prior to submitting any requests for payments to ExED.
- ExED will review the invoice for sufficient supporting documentation, verify the coding, and process payment.

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Cash Disbursements

Policy: Bank checks will be issued upon receipt of appropriate documentation (e.g. vendor invoice, purchase order, packing slip, etc.).

Procedures:

- Once an invoice is approved by the Chief Executive Officer, Chief Financial Officer, or Site Principals for payment, the ExED Accounting Analyst will prepare an in-sequence check and will submit the check to the ExED AM or VP.
- The ExED AM or VP will review the supporting documentation for completeness and the check for accuracy and will sign the check with the Chief Executive Officer's facsimile signature stamp, which is maintained in a secured location when not in use.
- ExED will distribute the check as follows:
 - Original – mailed or delivered to payee
 - Duplicate or voucher – attached to the invoice and filed by vendor name by an ExED accountant.
- Should a check need to be voided, "VOID" will be written in ink on the signature line of the check.
- Hand checks may be signed by the Chief Executive Officer or designee and by the Chief Administrative Officer; as long as there is complete invoice documentation or employee pay calculation documentation.
- The Chief Executive Officer may sign hand-checks up to \$10,000.

Petty Cash

Policy: The Office Manager will keep a petty cash box not to exceed \$250. Petty cash will be kept in a lockbox that is stored in a secure location. Access to the cash box should be limited to authorized personnel. Petty cash shall only be used for reasonable and allowable school purposes (not advances, personal uses, reimbursements, etc.).

Procedures:

- The Office Manager will manage the petty cash fund.
- The Office Manager will maintain a log of all disbursements made from the petty cash fund and will use a petty cash slip for all disbursements. The petty cash slip must be signed by the Office Manager and the petty cash recipient.
- Within 48 hours of the petty cash withdrawal, the petty cash recipient will submit an original receipt to the Office Manager who will attach the receipt to the petty cash slip and store in the petty cash box.
- At all times the petty cash box must contain petty cash slips and cash totaling \$250.
- When the petty cash balance is low the Office Manager will prepare a petty cash reimbursement form, totaling all the petty cash disbursements and attaching the original petty cash slips and receipts to the form. The Chief Executive Officer, Chief Financial Officer,

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or Site Principals will review and approve the petty cash reimbursement form and supporting documentation.

- The Office Manager will forward the petty cash reimbursement form and copies of supporting documentation to ExED.
- The ExED Accounting Analyst will record the petty cash disbursements in the general ledger and issue a check made payable to the Chief Executive Officer, Chief Financial Officer, or Site Principals in the amount of the total petty cash disbursement.
- It is the Chief Executive Officer, Chief Financial Officer, or Site Principals responsibility to cash the check and to keep track of funds in the box. Reconciliation must occur when funds are replenished, and/or at a minimum, annually.
- ExED or the Chief Financial Officer will conduct surprise counts of the petty cash fund.
- Loans will not be made from the petty cash fund.

Employee and Volunteer Expense Reimbursements

Policy: The organization will reimburse pre-authorized school-related expenses that are accompanied by an original receipt or other appropriate documentation. Only the Chief Executive Officer, Chief Financial Officer, or Site Principals may incur school-related expenses without pre-approval.

Procedures:

- An employee or school volunteer seeking to make a school-related purchase must obtain pre-approval from the Chief Executive Officer, Chief Financial Officer, or Site Principals.
- Employees will submit signed expense reports monthly, as necessary, to the Chief Executive Officer, Chief Financial Officer, or Site Principals for approval. Original receipts or other appropriate documentation (e.g. e-mail receipt) must be attached to the expense report.
- Chief Executive Officer expense reports must be approved by a member of the board.
- The Office Manager will submit the approved expense report and copies of the supporting documentation to ExED.
- ExED will issue a reimbursement check within five business days of receipt of appropriate and complete documentation.
- Employees will submit expense reports within 60-days and/or within the fiscal year in which the expenses were incurred.
- The organization reserves the right to refuse reimbursement for any inappropriate expenses made.
- The Chief Executive Officer will determine which administrative staff is eligible for monthly tech reimbursement not to exceed \$35 per calendar month.

Policy: The Chief Executive Officer, Chief Financial Officer, or Site Principals must pre-approve all school related travel. Mileage will be reimbursed at the organization-approved mileage rate, not to exceed the current IRS reimbursement rate.

Procedures:

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- For the purposes of mileage reimbursement, where a trip is commenced or terminated at the employee's home, the distance traveled shall be reduced by the employee's home-to-office commute distance.
- Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by an administrator and the event is more than 75 miles from either the employee's residence or the school site. Hotel rates will be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available.
- Employees will be reimbursed up to the established State of California per diem rate found at (<http://www.gsa.gov/portal/category/100120> - US Government Rates) for any breakfast, lunch, dinner, or incidental expense that is not included as part of the related event. Employees will be responsible for any excess expenses beyond the established per diem rate.
- Tipping shall be applied to transportation and meal costs only.
- Transportation expenses such as airfare will be purchased at the lowest rate available.
- Employees should utilize bus/shuttle service whenever possible. When traveling in groups, taxis may be more economical. Employees should choose between long-term parking or a taxi based on whichever is the more economical for the organization.
- After the trip, the employee must enter all of the appropriate information on an expense report, attach original receipts, and submit it to the Chief Executive Officer, Chief Financial Officer, or Site Principals for approval and then on to ExED for processing.

Governing Board Expenses

- The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report and attach original receipts.
- The Chief Executive Officer and/or another board member will approve and sign the expense report, and submit it to ExED for payment.

Asset Management

Cash Management and Investments

Policy: All funds will be maintained in high quality financial institution or invested with the following objectives in order of priority; preservation and safety of principal, liquidity, and yield.

Procedures:

- The Chief Executive Officer will obtain Governing Board approval before opening or closing a bank account.
- Governing Board will adopt an investment policy before funds are to be invested.

Capital Equipment

Policy: The organization capitalizes any item, purchased or donated, with a value of \$1,000 or more and with a useful life of more than one year.

Procedures:

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- ExED will maintain a ledger of all capitalized items. The ledger will include the original purchase price and date and a brief description of the asset.
- The organization will take a physical inventory of all assets within 90 days of the end of each fiscal year, indicating the condition and location of the asset.
- The Chief Executive Officer will be notified of all cases of theft, loss, damage or destruction of assets.
- The Chief Financial Officer will submit to ExED written notification of plans for disposing of assets with a clear and complete description of the asset and the date of the disposal.

Loans

Policy: The Governing Board will approve all loans from third parties. In the case of a long-term loan, approval may also be required from the chartering authority in accordance with the terms of the charter and/or other lenders in accordance with the loan documents. Employee loans, including salary advances, are not allowed.

Procedures:

- The Chief Executive Officer and/or Governing Board designee shall review and sign the promissory note before funds are borrowed.
- Loan agreements should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.
- Loan covenants and reporting requirements are to be acknowledged by the board at the time of adoption.

Insurance

Policy: The organization will maintain insurance with a high quality insurance agency at all times for:

- General Liability
- Property
- Workers' Compensation
- Professional Liability
- Directors' and Officers' Coverage

Umbrella and student accident policies are considered prudent add-ons.

Procedures:

- The Chief Executive Officer will carefully review insurance policies with the Broker on an annual basis prior to renewal to determine compliance with Charter authorizer and any applicable loan covenant requirements.
- CNCA will forward to ExED all insurance policies and related documents (e.g. certificates of insurance, claim forms, etc.).

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Parking Lot Liability

Policy: Parking lot related incidences are not covered under any school insurance policy. The organization assumes no liability for damage to cars unless a student is observed by an adult accidentally causing damage to a vehicle while engaged in a school activity.

Procedures:

- If a student willfully causes damage the student's parent or guardian is responsible.
- If a parent or other visitor causes damage, that individual is responsible.
- If an employee causes damage, the employee is responsible.
- If an unknown person causes damage and there is no witness, the affected individual would determine if he/she has applicable coverage through his/her individual insurance policies.

Operating Reserves

Policy: The organization will ensure adequate cash balances to meet annual cash flow needs. The target minimum operating reserve fund is recommended to be equal to 3 months of average operating costs. The amount of Operating Reserves will be calculated each year after approval of the annual budget and included in monthly financial reports.

Procedures:

- ExED will monitor the organization's reserve level and will report the reserve level to the Chief Executive Officer and the Governing Board on a monthly basis.
- It is the responsibility of the Chief Executive Officer and the Governing Board to understand the organization's cash situation and it is the responsibility of the Chief Executive Officer to prioritize payments as necessary to manage cash flow.
- The Governing Board may restrict a portion of the operating reserve fund for strategic goals.
- The Governing Board may develop an additional Operating Reserve Policy to specify use of the Operating Reserves.

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Cover Sheet

ECE Update

Section: VII. ECE Update
Item: A. ECE Update
Purpose: Discuss
Submitted by:
Related Material: CNCA Finance Committee 10.29.pdf



PNEDG – Early Childhood Education Center

20 años | Camino Nuevo Charter Academy



October 2021

Historical Revenue for the ECE:

- 2004-2005 ECE opens with 2 main sources of revenue
 - State Preschool revenue
 - LAUP revenue
 - Donors
- 2015-2016 LAUP revenue ends – focus on Head Start
 - State Preschool revenue and reserves
 - Donors
- 2020-21
 - Last year of cash on hand and positive net income due to COVID funding.
 - Donors & COVID funding- \$121,925

2021- 22

- State Preschool revenue
- Donors
- 5% cash reserves (18 days)

Budget Summary

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Forecast	2022-23	2023-24	2024-25	2025-26
Total Enrollment			120	120	80	80	80	80	80	80
ADA					76.00	76.00	76.00	76.00	76.00	76.00
% Free and Reduced			98%	98%	98%	98%	98%	98%	98%	98%
% English Language Learners			0%	0%	0%	0%	0%	0%	0%	0%
% Unduplicated Low Income, EL, Foster Youth			98%	98%	98%	98%	98%	98%	98%	98%
INCOME										
8011-8098 - Local Control Funding Formula Sources	-	-	-	-	-	-	-	-	-	-
8100-8299 - Federal Revenue	7,298	-	-	-	-	-	13,347	13,347	13,347	13,347
8300-8399 - Other State Revenue	494,184	557,053	587,058	578,100	583,979	432,026	384,942	384,942	384,942	384,942
8600-8799 - Other Local Revenue	33,998	53,342	29,930	33,917	19,924	103,037	90,368	91,403	92,472	93,369
Grants/Fundraising	46,000	153,521	149,443	100,200	121,925	51,366	-	-	-	-
8999 - Other Prior Year Adjustment	1	(3,125)	-	-	(42,423)	-	-	-	-	-
TOTAL INCOME	581,482	760,791	766,431	714,217	683,405	586,429	488,657	489,694	490,761	491,858
EXPENSE										
1000 - Certificated Salaries	162,896	162,885	163,309	172,155	133,588	154,636	154,046	157,127	160,269	163,474
2000 - Classified Salaries	173,856	182,925	204,157	200,790	141,895	181,490	182,548	186,199	189,923	193,721
3000 - Employee Benefits	64,837	66,548	73,209	78,110	47,492	58,895	72,718	75,376	78,186	81,158
4000 - Supplies	38,256	49,392	33,166	28,521	26,531	29,956	29,085	29,655	30,240	30,842
5000 - Operating Services	207,272	255,289	303,341	305,425	280,957	299,801	294,608	297,548	302,522	303,696
6000 - Capital Outlay	3,357	5,471	5,282	5,466	7,374	8,143	6,988	6,671	6,638	4,356
7000 - Other Outgo	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	650,475	722,511	782,464	790,467	637,838	732,921	739,992	752,575	767,797	777,247
NET INCOME	(68,993)	38,281	(16,034)	(76,250)	45,567	(146,492)	(251,335)	(262,882)	(277,037)	(285,389)
Ending Cash Balance	178,257	224,940	0	22,526	118,941	(49,509)	(417,750)	(676,447)	(949,379)	(1,233,037)
Month with Lowest Ending Cash Balance					Jul: \$	Oct: (\$ 52,630)	Jun: (\$ 418,339)	Jun: (\$ 752,927)	Jun: (\$ 1,026,599)	Jun: (\$ 1,311,019)
5% Reserve Goal	32,524	36,126	39,123	39,523	31,892	36,646	37,000	37,629	38,390	38,862

Next Steps – SHORT TERM:

- Apply for 2 grants for ECE funding - \$35,000
 - Dr. Seuss Foundation
 - Adams-Mastrovich Foundation
- Donor commitment - \$25,000
- CEO/Development Director fundraising

Next Steps – LONG TERM:

Exploring Transitional Kindergarten requirements*:

	Enrollment Requirement	Class Size
Current:	5th birthday between September 2 and December 2*	N/A
2022–23	5th birthday between September 2 and February 2	one adult for every 12 pupils
2023-24	5th birthday between September 2 and April 2	one adult for every 10 pupils
2024-25	5th birthday between September 2 and June 2	one adult for every 10 pupils
2025-26	4th birthday by September 1	one adult for every 10 pupils

*Parent can opt their child into TK instead of Kindergarten if the CNCA Board establishes a criteria to allow for parent choice.

Next Steps - LONG TERM (continued):

- 21-22 TK funding approximate \$100,000 per school – planning (credentialing, program adjustments, facility improvements etc)
- LEA funding - \$14,000 per student compared to about \$5,000 per student for State preschool funding.
- Student Recruitment – What we know
 - 18 current ECE students that qualify for TK
 - 68 current ECE students qualify for K
 - BUR receives 26-29 TK applications annually.

Next Steps - LONG TERM (continued):

- Student Recruitment efforts:
 - Our parents are our best recruiters. We need to target current families and families who have been interested in CNCA in the past.
 - Most of our families in the ECE or BUR live less than a mile (maybe two) from the school. We need to target our recruitment efforts to the neighborhood.
 - Connect with area organizations like pediatric dentists and doctors, parent ed workshops or resources (like WIC), and online parenting groups.
 - Lastly, launch an online social media marketing campaign using our current core messages and emphasize the full-day, bilingual TK program.

Next Steps - LONG TERM (continued):

- Additional impacts:
 - Increased enrollment for BUR – additional leader needed
 - Consider raising rent at the ECE facility to fair market value given the revenue/affordability
 - ECE Staff retention – meeting with HR to match employees to open positions.
- Questions Pending:
 - Can we increase TK at Burlington without a material revision?
 - BUR can successful survive a MR because of their positive standing.