



Great Oaks Charter School - Bridgeport

GOBPT January Finance Meeting

Published on January 14, 2025 at 12:07 AM EST

Amended on January 15, 2025 at 5:07 PM EST

Date and Time

Wednesday January 15, 2025 at 5:00 PM EST

Location

375 Howard Ave.
Bridgeport, CT 06605

Agenda

	Purpose	Presenter	Time
I. Opening Items			5:00 PM
A. Record Attendance		Corey Sneed	1 m
B. Call the Meeting to Order		Corey Sneed	1 m
C. Approve Last Month's Meeting Minutes	Approve Minutes	Corey Sneed	1 m
Approve minutes for GOBPT December Finance Meeting on December 11, 2024			
II. Administrative / Financial Overview			5:03 PM
A. Current Cash Position	FYI	Benjamin Chan	5 m

	Purpose	Presenter	Time
B. Dashboard & Financial Overview	FYI	Benjamin Chan	13 m
III. New Vendors			5:21 PM
A. New Vendors	FYI	Benjamin Chan	3 m
IV. Additional Items			5:24 PM
A. Additional items		Benjamin Chan	5 m
V. Closing Items			5:29 PM
A. Adjourn Meeting	Vote	Corey Sneed	1 m

Attention: Times and Locations are subject to change.

Coversheet

Call the Meeting to Order

Section: I. Opening Items
Item: B. Call the Meeting to Order
Purpose: FYI
Submitted by:
Related Material: 1 2025-01-15 Finance Comm Agenda.pdf



Great Oaks Charter School - Bridgeport

Finance Committee Meeting

Jan. 15, 2025

5 PM – 5:30 PM

- I. Administrative / Financial Overview
 - Approval of last month's minutes
 - Current Cash Position

<i>Checking:</i>	<i>\$ 1,952,827</i>
<i>Food Service:</i>	<i>\$ 6,539</i>
<i>Reserve:</i>	<i><u>\$ 288,322</u></i>
<i>Total:</i>	<i>\$ 2,247,688</i>
 - Update per pupil rate from the equitable funding formula & Q3 payment

- II. For discussion
 - Highlights:
 - Annual report filed
 - Receivables:
 - Bridgeport SpEd Q1 paid, Q2 pending
 - Grants now available for draw downs
 - Next:
 - EFS this week
 - 990 end of month
 - Updating budget forecast by vendor, grant & department
 - SAGE Intacct implementation for discussion: implications
 - Updating Fiscal Policy from Oct 2024 board meeting re 2 signers on checks, bank/credit card reconciliations, and removing references to Foundation. Previous version included.

- III. Financial Review
 - *Dashboard for December*

Coversheet

Approve Last Month's Meeting Minutes

Section: I. Opening Items
Item: C. Approve Last Month's Meeting Minutes
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for GOBPT December Finance Meeting on December 11, 2024
2024_12_11_gobpt_december_finance_meeting_minutes.pdf



Great Oaks Charter School - Bridgeport

Minutes

GOBPT December Finance Meeting

Date and Time

Wednesday December 11, 2024 at 5:00 PM

Location

375 Howard Ave.
Bridgeport, CT 06605

Committee Members Present

Bea Bagley (remote), Bob Carlson, Corey Sneed (remote), David Zieff

Committee Members Absent

Daniel Luciano, Eva Vega

Guests Present

Benjamin Chan (remote), Farah Martin, John Scalice, Latoya Hubbard (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

Corey Sneed called a meeting of the Finance Committee Committee of Great Oaks Charter School - Bridgeport to order on Wednesday Dec 11, 2024 at 4:43 PM.

C. Approve Last Month's Meeting Minutes

David Zieff made a motion to approve the minutes from GOBPT November Finance Meeting on 11-13-24.

Bea Bagley seconded the motion.

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

II. Additional Items

A. Audit

Audit items- B. Chan went over documents that were outstanding according to the audit. B. Chan reports there are only 3 items that are outstanding. B. Chan has an outstanding call to Marc Strange for the desk audit that also affects the EFS upload and the trial balance. Grant Income and Expenditures are pending. C. Sneed recommended for everyone to be on the same page going forward and for J. Scalice to have a talk with B. Chan so that there are no more delays going forward.

III. Administrative / Financial Overview

A. Current Cash Position

B. Chan went over current cash position.

Current Cash Position

Checking: \$ 301,158

Food Service: \$ 18,377

Reserve: \$ 208,321

Total: \$ 527,856

The per pupil revenue arrives end of December 2024.

Highlights:

Receivables to help with cashflow includes:

- Special Ed from Bridgeport Public Schools: \$153,875
- Commissioner's Network: \$150,353
- School Improvement Grant: \$59,000
- Title 1 & 2: \$132,073

The cash flow is a little tight because the school fronts the money before grants are approved. B. Carlson asked how much money has been spent against the 500,000? B. Chan reports that about more than half. These payments go to a variety of vendors. We have written checks out but the money hasn't been released just yet. This allows us to get the grant money in and be able to use the money we have rather than putting more up front.

SAGE Intact- discussions have been started, the reports and schedules we have built like excel can flow into their software as they have promised. C. Sneed asked if we can use a grant to cover the cost of SAGE Intact. J. Scalice reports given the spend down of where we are currently, there should be some money for SAGE and can be used in Commissioners Network grant if we work things out.

D. Zieff recommends having a line of credit. C. Sneed reports that he doesn't know any lender that will want to extend an unsecured line of credit of any amount.

B. Chan went over Expense Summary.

Taxes are under budget- one of the reasons is because teachers that are getting certified, they go into TRB.

Professional Services- ADP- they take 2.8% every salary per pay period. We weren't aware of the direct pay until after 11 months of working with them. C. Sneed recommended reaching out to Cassandra from Dinsmore and Steele to work out a contract with ADP and renegotiate.

CFO, B. Chan, also went over Dashboard.

IV. Financial Review

A. New Vendors

Boca Oyster Bar - staff holiday party was approved.

V. 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 5:30 PM.

Respectfully Submitted,
Corey Sneed

Attention: Times and Locations are subject to change.

DRAFT



Great Oaks Charter School - Bridgeport

Minutes

GOBPT December Finance Meeting

Date and Time

Wednesday December 11, 2024 at 5:00 PM

Location

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CFO, B. Chan, also went over Dashboard.

IV. Financial Review

A. New Vendors

No new vendors.

Attention: Times and Locations are subject to change.

Coversheet

Current Cash Position

Section: II. Administrative / Financial Overview
Item: A. Current Cash Position
Purpose: FYI
Submitted by:
Related Material: 2 Great Oaks 6-30-2024 Financial Statements FINAL.pdf
3 Purchase Workflow w Sage Intacct.pdf
4 Sage Intacct Proposal.pdf
5 GO-BPT Fiscal Policy - DRAFT Oct 2024.pdf
6 GO-BPT Fiscal Policy - December 2022.pdf



Financial Statements, Uniform
Guidance, and State
Single Audit Schedules Together With
Independent Auditors' Reports

June 30, 2024 and 2023

Great Oaks Charter School – Bridgeport, Inc.

Financial Statements, Uniform Guidance, and State Single Audit Schedules Together With Independent Auditors' Reports June 30, 2024 and 2023

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Independent Auditors' Report

**Board of Directors
Great Oaks Charter School – Bridgeport, Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Great Oaks Charter School - Bridgeport, Inc. ("GOCS-B"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GOCS-B as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GOCS-B and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GOCS-B's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Great Oaks Charter School – Bridgeport, Inc.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GOCS-B's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GOCS-B's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Great Oaks Charter School – Bridgeport, Inc.

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Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of expenditures of state financial assistance as required by the Connecticut State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of GOCS-B's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GOCS-B's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GOCS-B's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Shelton, Connecticut
December 30, 2024

Great Oaks Charter School – Bridgeport, Inc.

Statements of Financial Position

	June 30,	
	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 189,653	\$ 462,888
Grants and contracts receivable	778,342	1,158,593
Account receivable	16,000	-
Prepaid expenses and other	155,395	45,418
Security deposits	380,303	380,303
Property and equipment	2,355,405	2,514,448
Finance lease right-of-use asset	175,281	217,348
Operating lease right-of-use asset	<u>16,744,353</u>	<u>17,671,623</u>
	<u>\$ 20,794,732</u>	<u>\$ 22,450,621</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 328,092	\$ 287,533
Accrued payroll and taxes	357,816	398,354
Finance lease liability	178,139	218,306
Operating lease liability	<u>17,675,308</u>	<u>18,528,198</u>
Total Liabilities	18,539,355	19,432,391
Net Assets		
Without donor restrictions	<u>2,255,377</u>	<u>3,018,230</u>
	<u>\$ 20,794,732</u>	<u>\$ 22,450,621</u>

See notes to financial statements

Great Oaks Charter School – Bridgeport, Inc.

Statements of Activities

	Year Ended June 30,	
	<u>2024</u>	<u>2023</u>
PUBLIC SUPPORT AND REVENUE		
State grants and contracts	\$ 8,207,322	\$ 7,976,871
Federal grants and contracts	1,612,597	3,538,892
Employee Retention Credit	288,307	-
Private donations and other funding	901,108	746,441
In-kind revenues	<u>918,875</u>	<u>689,440</u>
Total Public Support and Revenue	<u>11,928,209</u>	<u>12,951,644</u>
EXPENSES		
Program Services		
Education	9,575,768	9,503,926
Special education	<u>2,613,222</u>	<u>3,020,665</u>
Total Program Services	12,188,990	12,524,591
Supporting services		
Management and general	<u>502,072</u>	<u>430,682</u>
Total Expenses	<u>12,691,062</u>	<u>12,955,273</u>
Change in Net Assets	(762,853)	(3,629)
NET ASSETS		
Beginning of Year	<u>3,018,230</u>	<u>3,021,859</u>
End of Year	<u>\$ 2,255,377</u>	<u>\$ 3,018,230</u>

See notes to financial statements

Great Oaks Charter School – Bridgeport, Inc.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services			Supporting Services	Total
	Education	Special Education	Total	Management and General	
EXPENSES					
Salaries	\$ 4,449,083	\$ 1,255,524	\$ 5,704,607	\$ 243,964	\$ 5,948,571
Payroll taxes and employee benefits	697,962	259,243	957,205	39,884	997,089
In-kind tutor services	258,979	45,840	304,819	-	304,819
Professional development	89,180	24,659	113,839	4,614	118,453
Professional fees	389,968	104,584	494,552	95,735	590,287
Student and staff recruitment	27,748	6,008	33,756	570	34,326
Curriculum and classroom	208,793	80,798	289,591	228	289,819
Supplies and materials	128,606	26,993	155,599	2,200	157,799
Food service	335,243	59,339	394,582	-	394,582
In-kind transportation	495,713	87,743	583,456	-	583,456
Insurance	108,529	30,009	138,538	5,615	144,153
Information technology	249,435	68,550	317,985	12,686	330,671
Occupancy and facility costs	1,718,429	448,202	2,166,631	74,894	2,241,525
Non-capitalized equipment and furnishings	4,375	1,210	5,585	226	5,811
Repairs and maintenance	91,592	25,247	116,839	4,698	121,537
Interest on lease liabilities	4,132	1,142	5,274	214	5,488
Amortization of ROU assets	57,210	16,019	73,229	3,051	76,280
Depreciation and amortization	260,791	72,112	332,903	13,493	346,396
Total Expenses	<u>\$ 9,575,768</u>	<u>\$ 2,613,222</u>	<u>\$ 12,188,990</u>	<u>\$ 502,072</u>	<u>\$ 12,691,062</u>

See notes to financial statements

Great Oaks Charter School – Bridgeport, Inc.Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			Supporting Services	Total
	Education	Special Education	Total	Management and General	
EXPENSES					
Salaries	\$ 4,233,304	\$ 1,358,527	\$ 5,591,831	\$ 203,309	\$ 5,795,140
Payroll taxes and employee benefits	763,592	283,620	1,047,212	43,634	1,090,846
In-kind tutor services	228,362	58,066	286,428	-	286,428
Professional development	118,362	37,580	155,942	5,394	161,336
Professional fees	572,419	179,711	752,130	72,460	824,590
Student and staff recruitment	12,589	3,474	16,063	197	16,260
Curriculum and classroom	293,711	119,599	413,310	708	414,018
Supplies and materials	150,680	41,937	192,617	2,612	195,229
Food service	297,805	75,723	373,528	-	373,528
In-kind transportation	310,814	79,031	389,845	-	389,845
Insurance	110,710	35,151	145,861	5,045	150,906
Information technology	239,307	75,981	315,288	10,905	326,193
Occupancy and facility costs	1,654,881	510,164	2,165,045	64,422	2,229,467
Non-capitalized equipment and furnishings	16,979	5,391	22,370	773	23,143
Repairs and maintenance	81,016	25,530	106,546	3,552	110,098
Interest	4,862	1,544	6,406	222	6,628
Amortization of ROU assets	67,831	21,083	88,914	2,750	91,664
Depreciation and amortization	302,444	96,027	398,471	13,782	412,253
Other	44,258	12,526	56,784	917	57,701
Total Expenses	<u>\$ 9,503,926</u>	<u>\$ 3,020,665</u>	<u>\$ 12,524,591</u>	<u>\$ 430,682</u>	<u>\$ 12,955,273</u>

See notes to financial statements

Great Oaks Charter School – Bridgeport, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (762,853)	\$ (3,629)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization of financing lease right-of-use asset	1,900	958
Amortization of operating lease right-of-use asset	74,380	90,706
Depreciation and amortization	346,397	412,253
Change in operating assets and liabilities		
Government grants and contracts receivable	380,251	(192,245)
Account receivable	(16,000)	-
Prepaid expenses	(109,977)	85,147
Accounts payable and accrued expenses	40,559	(183,696)
Accrued payroll and taxes	<u>(40,538)</u>	<u>119,986</u>
Net Cash from Operating Activities	(85,881)	329,480
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(187,354)	(127,973)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	<u>-</u>	<u>(113,715)</u>
 Net Change in Cash	(273,235)	87,792
 CASH		
Beginning of Year	<u>462,888</u>	<u>375,096</u>
 End of Year	<u>\$ 189,653</u>	<u>\$ 462,888</u>

See notes to financial statements

Great Oaks Charter School – Bridgeport, Inc.

Notes to Financial Statements June 30, 2024 and 2023

1. Description of the School

Great Oaks Charter School – Bridgeport, Inc. (“GOCS-B”), a not-for-profit organization, is recognized by the State of Connecticut as a charter school under Public Act No. 97-214, as amended by Sections 56 and 57 of Public Act 96-244. The Board of Education of the State of Connecticut has granted GOCS-B’s charter to operate grades 6 – 12 through June 2027. GOCS-B was organized to create a rigorous, supportive middle, and high school program that ensures its graduates have the requisite knowledge and habits of mind to earn a degree from a competitive four-year college or university. During fiscal years 2024 and 2023, GOCS-B operated classes for 661 students in grades 6 through 12. GOCS-B is primarily funded by governmental grants and contracts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changes the impairment model for most financial assets and require the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 1, 2023 expanded GOCS-B’s required disclosures for its expected credit losses for account receivable but did not have a material impact on its financial statement.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash

From time to time, GOCS-B has cash in the bank in excess of the federal deposit insurance amount of \$250,000. GOCS-B did not exceed federally insured limits at June 30, 2024. At June 30, 2023, GOCS-B exceeded federally insured limits by \$94,204.

Great Oaks Charter School – Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Government Grants and Contracts Receivable

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances.

GOCS-B continuously monitors the creditworthiness of grantors and establishes an allowance for amounts that may become uncollectible in the future based on current economic trends, historical payment, bad debt write-off experience and any specific grantor related collection issues. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. At June 30, 2024 and 2023, no allowance for doubtful accounts has been deemed necessary.

Property and Equipment

Property and equipment is carried at cost and includes expenditures which substantially increase their useful lives. The cost of property and equipment purchased in excess of \$2,500 is capitalized. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the related asset ranging from three to twenty years. Expenditures for repairs and maintenance are charged to expense as incurred.

Refundable Advances

GOCS-B records certain grants and contracts as refundable advances until related services are performed, at which time they are recognized as revenue.

Net Assets

Net assets without donor restrictions – net assets without donor restrictions are available for use at the discretion of the Board of Directors (“Board”) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. At June 30, 2024 and 2023, the Board has not designated any funds for specific purposes.

Net assets with donor restrictions – net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

No gifts of cash or other assets with donor restrictions were received in 2024 and 2023.

Grants and Contracts

Revenue from the state and local government resulting from the GOCS-B’s charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Great Oaks Charter School – Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Grants and Contracts (continued)

GOCS-B receives a substantial portion of its operating support and revenue from the Connecticut State Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, GOCS-B's finances could be materially affected.

Contributions

GOCS-B recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been substantially met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Refundable government grants consists of government grants received for which performance requirements or incurrence of allowable qualifying expenses have not yet been met or incurred. Contributions are reported as revenue without donor restrictions or revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified in the statements of activities to net assets without donor restriction. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Conditional promises to give are recognized when conditions on which they depend are substantially met.

GOCS-B reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent donor stipulations about how long those assets must be maintained, GOCS-B reports expirations of donor restrictions when the assets are placed in service.

Contributed Goods and Services

GOCS-B's policy related to gifts-in-kind is to utilize the assets given to carry out its mission. If an asset is provided that does not allow the GOCS-B to utilize it in its normal course of business, the asset will be sold. Contributions of donated non-cash assets are recorded at their fair value in the period received.

Contributed services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and typically would need to be purchased, if not provided by donation. In-kind contributions are reflected in the accompanying statements of activities at their fair value at the time the services are rendered or goods are received.

Great Oaks Charter School – Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Functional Expenses

The costs of providing programs and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated based on job function and time allocation for office, occupancy, professional fees and depreciation expense and student enrollment type ratio for payroll and instructional related expenses.

Income Taxes

GOCS-B is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code, however, GOCS-B is subject to federal income tax on any unrelated business taxable income.

GOCS-B recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that GOCS-B had no uncertain tax positions that would require financial statement recognition or disclosure. GOCS-B is no longer subject to examinations by the applicable taxing jurisdictions for years prior to 2021.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 30, 2024, the date the financial statements were available for issue.

Employee Tax Deferred Compensation Plan

Effective January 1, 2016, GOCS-B sponsors a qualified tax deferred compensation plan as defined under Section 403(b) of the Internal Revenue Code (the "Plan"). All employees who normally work more than 20 hours per week are eligible to make elective salary reduction contributions to the Plan upon employment. GOCS-B matches 50% of contributions up to a maximum of 4%. GOCS-B's contributions to the Plan were \$12,888 and \$11,154 for the years ended June 30, 2024 and 2023.

3. Government Grants Receivable

Grants receivable of \$778,342 and \$1,158,593 at June 30, 2024 and 2023 are all due in less than one year.

Great Oaks Charter School – Bridgeport, Inc.

Notes to Financial Statements June 30, 2024 and 2023

4. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Life</u>
Leasehold improvements	\$ 475,813	\$ 356,225	3-20 years
Furniture and fixtures	508,246	508,246	7 years
Equipment	1,467,906	1,400,140	3 years
Building improvements	<u>2,500,000</u>	<u>2,500,000</u>	20 years
	4,951,965	4,764,611	
Accumulated depreciation	<u>(2,596,560)</u>	<u>(2,250,163)</u>	
	<u>\$ 2,355,405</u>	<u>\$ 2,514,448</u>	

5. Commitments

GOCS-B leases operating facilities and equipment under noncancellable operating leases expiring at various dates through 2038.

The following summarizes the weighted average remaining lease term and discount rate:

	<u>2024</u>		<u>2023</u>	
	<u>Finance</u>	<u>Operating</u>	<u>Finance</u>	<u>Operating</u>
Weighted Averaged Remaining Lease Term	4.25	14.17	5.25	15.17
Weighted Averaged Discount Rate	2.80%	3.17%	2.80%	3.17%

The maturities of lease liabilities at June 30, 2024 are as follows:

Year ending June 30	<u>Finance</u>	<u>Operating</u>
2025	\$ 45,240	\$ 1,440,791
2026	45,240	1,457,475
2027	45,240	1,474,577
2028	45,240	1,491,624
2029	7,540	1,509,236
Thereafter	<u>-</u>	<u>14,662,039</u>
	188,500	22,035,742
Less: imputed interest	<u>(10,361)</u>	<u>(4,360,434)</u>
	<u>\$ 178,139</u>	<u>\$ 17,675,308</u>

Great Oaks Charter School – Bridgeport, Inc.

Notes to Financial Statements June 30, 2024 and 2023

5. Commitments *(continued)*

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended June 30:

	2024	2023
Lease Expense		
Finance lease expense		
Amortization of ROU assets	\$ 42,067	\$ 42,067
Interest on lease liabilities	5,488	6,627
Operating lease expense	1,498,565	1,498,565
	\$ 1,546,120	\$ 1,547,259

The following summarizes cash flow information related to leases for the years ended June 30:

	2024	2023
Supplemental cash flows		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases (interest)	\$ 5,582	\$ 6,119
Financing cash flows from finance leases (principal portion)	40,074	41,617
Operating cash flows from operating leases	1,424,185	1,407,856
	\$ 1,469,841	\$ 1,455,592

6. Net Assets

Net assets without donor restrictions is comprised of undesignated amounts at June 30:

	2024	2023
Property and equipment	\$ 2,355,405	\$ 2,514,448
General	(100,028)	503,782
	\$ 2,255,377	\$ 3,018,230

7. Contributed Services and Goods

Great Oaks Foundation (“GOF”) is a not-for-profit charter management organization. In prior years, GOCS-B was managed by GOF. In October 2023, GOCS-B separated from GOF. In 2024 and 2023, GOCS-B received the services of tutors paid for by GOF. These services include both tutors and tutor leaders. These services were valued at the amount of salaries and benefits paid by GOF to the tutors and leaders. The value of these services was \$304,819 and \$286,428 for the years ended June 30, 2024 and 2023.

In addition, the City of Bridgeport provided transportation and special education services to the students of GOCS-B. Transportation services were valued at \$570,655 and \$359,611 for the years ended June 30, 2024 and 2023. Special education services were valued at \$43,401 for both years ended June 30, 2024 and 2023. The contributed assistance is valued at fair value based on current rates for these services.

Great Oaks Charter School – Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

8. Major Contributors

GOCS-B received approximately 82% of its support from two granting agencies in 2024 and 81% of its support from two granting agencies in 2023. At June 30, 2024 and 2023, GOCS-B has outstanding receivables in the amount of \$446,417 and \$864,593 from one granting agency.

9. Academic and Business Services Agreement

GOCS-B entered into an academic, tutor and business service agreement with GOF until October 1, 2023. The agreement provides academic, tutor, financial and operational services to GOCS-B. Pursuant to the terms of the agreement, GOCS-B shall pay a total of \$75,000 for these three months of service, as set forth in the budget adopted by the Board of Directors prior to the commencement of the fiscal year. Since October 1, 2023, GOCS-B is an independent charter school responsible for its own academic, operating, administrative, human resources, and financial functions. In addition, GOCS-B shall pay GOF a tutor fee ranging from \$7,500 to \$14,400 per year for each tutor and tutor leaders. Service and tutor fees are included in professional fees expense.

Included in professional fees on the statements of functional expenses, GOCS-B incurred GOF fees of:

	<u>2024</u>	<u>2023</u>
Service Fee	\$ 82,000	\$ 477,387
Tutor Fee	<u>244,500</u>	<u>196,730</u>
	<u>\$ 326,500</u>	<u>\$ 674,117</u>

10. Connecticut Teachers’ Retirement Plan

All certified administrators and teachers participate in the Connecticut Teachers’ Retirement System that is administered by the State of Connecticut (the “State”). The Plan requires mandatory contributions by employees of 8.25% of their eligible annual compensation. The State provides the remaining funding of retirement benefits and is required to contribute at an actuarially determined rate, which may be reduced by an act of State Legislature. Administrative costs of the Plan are funded by the State. The GOCS-B has no obligation under this plan.

Great Oaks Charter School – Bridgeport, Inc.Notes to Financial Statements
June 30, 2024 and 2023**11. Liquidity and Availability of Financial Assets**

GOCS-B's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 189,653	\$ 462,888
Grants and contracts receivable	778,342	1,158,593
Account receivable	<u>16,000</u>	<u>-</u>
Total Financial Assets Available to Management for General Expenditures Within One Year	<u>\$ 983,995</u>	<u>\$ 1,621,481</u>

As part of GOCS-B's liquidity management, GOCS-B has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Great Oaks Charter School – Bridgeport, Inc.

Uniform Guidance and State Single Audit Schedules and Reports

June 30, 2024

Great Oaks Charter School – Bridgeport, Inc.Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Pass through program from the State of Connecticut				
Education Department				
Child Nutrition Cluster				
National School Lunch Program	10.555	00294	\$ -	\$ 286,778
COVID-19 Allocation of Supply Chain Assistance Funds	10.555A	00294	-	20,028
School Breakfast Program	10.553	00294	-	80,904
Total Child Nutrition Cluster			-	387,710
COVID-19 State Pandemic Electronic Benefit				
Transfer (P-EBT) Administrative Cost Grant	10.649	00294	-	653
Total U.S. Department of Agriculture			-	388,363
U.S. Department of Education				
Pass through program from the State of Connecticut				
Education Department				
COVID-19 American Rescue Plan - Elementary and				
Secondary School Emergency Relief Funds				
Connecticut High Dosage Tutoring Program	84.425U	00294	-	317,525
Homeless Children and Youth II	84.425W	00294	-	2,200
Total COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Funds			-	319,725
Title I Grants to Local Education Agencies	84.010	00294	-	485,312
Title I Grants to Local Education Agencies (Title I, Part A)	84.010A	00294	-	236,000
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	00294	-	44,628
English Language Acquisition State Grants	84.365	00294	-	11,455
Student Support and Academic Enrichment Program	84.424	00294	-	35,349
Special Education Grants to States - COVID-19	84.027A	00294	-	10,000
Total U.S. Department of Education			-	1,142,469
U.S. Department of the Treasury				
COVID-19 American Rescue Plan Act				
ARPA Dual Credit Expansion	21.027	00294	-	9,400
Free Application for Federal Student Aid	21.027	00294	-	1,000
School Mental Health Specialist	21.027	00294	-	59,766
Total U.S. Department of the Treasury			-	70,166
U.S. Federal Communication Commission				
Pass through the U.S. Department of the Treasury				
Emergency Connectivity Fund	32.009	00294	-	11,599
Total Expenditures of Federal Awards			\$ -	\$ 1,612,597

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

Great Oaks Charter School – Bridgeport, Inc.

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Great Oaks Charter School – Bridgeport, Inc. (‘GOCS-B’) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of GOCS-B, it is not intended to and does not present the financial position, changes in net assets, or cash flows of GOCS-B.

2. Summary of significant accounting policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

GOCS-B has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

**Board of Trustees
Great Oaks Charter School – Bridgeport, Inc.**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the Great Oaks Charter School - Bridgeport, Inc. ("GOCS-B") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GOCS-B's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GOCS-B's internal control. Accordingly, we do not express an opinion on the effectiveness of the GOCS-B's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Trustees
Great Oaks Charter School – Bridgeport, Inc.
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GOCS-B's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GOCS-B's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GOCS-B's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Shelton, Connecticut
December 30, 2024



Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

**Board of Directors
Great Oaks Charter School – Bridgeport, Inc.**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Great Oaks Charter School - Bridgeport, Inc. ("GOCS-B")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of GOCS-B's major federal programs for the year ended June 30, 2024. GOCS-B's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, GOCS-B complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GOCS-B and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of GOCS-B's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to GOCS-B's federal programs.

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Board of Directors
Great Oaks Charter School – Bridgeport, Inc.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GOCS-B's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about GOCS-B's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GOCS-B's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GOCS-B's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GOCS-B's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Trustees

Great Oaks Charter School – Bridgeport, Inc.

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Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Shelton, Connecticut
December 30, 2024

Great Oaks Charter School – Bridgeport, Inc.

Schedule of Findings and Questioned Costs - Federal
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major Federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?

yes no

Identification of major Federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Education Agencies
84.010A	Every Student Succeeds ACT School Improvement Grant Competitive

Dollar threshold used to distinguish between Type A and type B programs:

\$750,000

Auditee qualified as a low risk auditee?

yes no

Great Oaks Charter School – Bridgeport, Inc.

Schedule of Federal Findings and Questioned Costs (*continued*)
Year Ended June 30, 2024

Section II - Financial Statement Findings:

- During our audit, we noted no material findings for the year ended June 30, 2024.

Section III - Federal Award Findings and Questioned Costs:

- During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Great Oaks Charter School – Bridgeport, Inc.

Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2024

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Total State Expenditures
Connecticut Department of Education			
Charter Schools	11000-SDE64000-16119	\$ -	\$ 8,135,355
School Breakfast	11000-SDE64000-17046	-	2,652
Health Food Initiative	11000-SDE64000-16212	-	5,416
Bilingual Education English Learner Pilot Program	11000-SDE64000-17042	-	8,370
Children Nutrition State Match Grant	11000-SDE64000-16211	-	2,875
Commissioner's Network	11000-SDE64000-12547	-	50,000
Talent Development - TEAM	11000-SDE64000-12552	-	2,654
		<u> </u>	<u> </u>
Total Expenditures of State Financial Assistance		<u>\$ -</u>	<u>\$ 8,207,322</u>

See Independent Auditors' Report and Notes to Schedule of Expenditures of State Financial Assistance

Great Oaks Charter School – Bridgeport, Inc.

Notes to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of State Financial Assistance (the “Schedule”) includes state grant activity of Great Oaks Charter School – Bridgeport, Inc. under programs of the State of Connecticut for the year ended June 30, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the general statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the GOCS-B, it is not intended and does not present the financial position, changes in net assets or cash flows of GOCS-B.

The accounting policies of Great Oaks Charter School – Bridgeport, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule is presented based on regulations established by the State of Connecticut Office of Policy and Management.

2. Basis of Accounting

The expenditures reported on the Schedule are presented on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.



**Report on Compliance for Each Major State Program and
Report on Internal Control Over Compliance
Required by the State Single Audit Act**

Independent Auditors' Report

**Board of Directors
Great Oaks Charter School – Bridgeport, Inc.**

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Great Oaks Charter School - Bridgeport, Inc.'s. ("GOCS-B") compliance with the types of compliance requirements described in the Office of Policy and Management *Compliance Supplement* that could have a direct and material effect on each of GOCS-B's major state programs for the year ended June 30, 2024. GOCS-B's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, GOCS-B complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GOCS-B and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of GOCS-B's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to GOCS-B's state programs.

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Board of Directors
Great Oaks Charter School – Bridgeport, Inc.
Page 2

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GOCS-B's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about GOCS-B's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GOCS-B's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GOCS-B's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of GOCS-B's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the State Single Audit Act and which are described in the accompanying schedule of findings and questioned costs – State as items 2024-001 and 2024-002. Our opinion on each major state program is not modified with respect to these matters.

Board of Trustees

Great Oaks Charter School – Bridgeport, Inc.

Page 3

Government Auditing Standards requires the auditor to perform limited procedures on GOCS-B's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs – State. GOCS-B's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Shelton, Connecticut
December 30, 2024

Great Oaks Charter School – Bridgeport, Inc.

Schedule of Findings and Questioned Costs - State
Year Ended June 30, 2024

I. Summary of auditors’ results

Financial Statements

Type of auditors’ opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes no
- Significant deficiency(ies) identified? Yes none reported
- Noncompliance material to financial statements noted? Yes no

State Financial Assistance

Internal control over major State programs:

- Material weakness(es) identified? Yes no
- Significant deficiency(ies) identified? Yes none reported

Type of auditors’ opinion issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the regulations to the State Single Audit Act? Yes no

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core – CT Number</u>	<u>Expenditures</u>
Department of Education		
Charter Schools	11000-SDE64000-16119	\$8,135,355

- Dollar threshold used to distinguish between type A and type B programs: \$200,000

II. Financial Statement Findings

- During our audit, we noted no material findings for the year ended June 30, 2024.

Great Oaks Charter School – Bridgeport, Inc.

Schedule of State Findings and Questioned Costs – State (*continued*) Year Ended June 30, 2024

III. State Financial Assistance Findings and Questioned Costs

2024-001 Non-Certified Personnel

Grantor: Connecticut Department of Education
State Program Name: Charter School
Pass-through Entity: None
State Grant Program
Core – CT Number: 11000-SDE64000-16119

Criteria: GOCS-B must be in compliance with certain provisions of laws, regulations, contracts, and grant agreements. Connecticut General Statutes 10-66dd requires that all teachers, supervisors, administrators, special staff members or school superintendent employed by GOCS-B must possess an appropriate state certificate prior to the first day of employment.

Condition: During fiscal 2024 GOCS-B had 4 employees without a proper certification credentials.

Context: 4 teachers out of 77 teachers and administrators tested were found to have exceptions to possessing the appropriate state certificate for employment.

Effect: GOCS-B funds these positions with non-governmental funds; however, the State Board of Education may still levy fines or withhold State funding.

Cause: While GOCS-B prioritizes hiring certified staff, there is a lack of diverse and certified teachers available for hire in Connecticut Charter Schools.

Repeat Finding: This is a repeat finding from the June 30, 2023 state single audit, finding 2023-001.

Recommendation: GOCS-B should ensure compliance with Connecticut General Statutes 10-66dd.

Planned Corrective Action: See response included in the current year Corrective Action

2024-002 Reporting

Criteria: GOCS-B had to submit the Agreed Upon Procedures (AUP) for 2022-2023 Educational Financial System Data and October 2022 PSIS Data Elements to the Connecticut State Department of Education on or before Tuesday, January 2, 2024.

Condition: GOCS-B's AUP for 2022-2023 Educational Financial System Data and October 2022 PSIS Data Elements was not filed on time.

Great Oaks Charter School – Bridgeport, Inc.

Schedule of State Findings and Questioned Costs – State *(continued)*
Year Ended June 30, 2024

III. State Financial Assistance Findings and Questioned Costs *(continued)*

Context: When performing the 2024 audit we noted that the AUP for 2022-2023 Educational Financial System Data and October 2022 PSIS Data Elements to the Connecticut State Department of Education was not filed on time.

Effect: The Connecticut State Department of Education may levy fines.

Cause: Information necessary to file timely was not readily available resulting in a delay.

Recommendation: We recommend that GOCS-B's files AUP for Educational Financial System Data and PSIS Data Elements to the Connecticut State Department of Education on or before the due date.

Planned Corrective Action: See response included in the current year Corrective Action

Great Oaks Charter School – Bridgeport, Inc.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Financial Statement Findings:

2023-001 Non-Certified Personnel

Grantor: Connecticut Department of Education
State Program Name: Charter School
Pass-through Entity: None
State Grant Program
Core – CT Number: 11000-SDE64000-16119

Criteria: GOCS-B must be in compliance with certain provisions of laws, regulations, contracts, and grant agreements. Connecticut General Statutes 10-66dd requires that all teachers, supervisors, administrators, special staff members or school superintendent employed by GOCS-B must possess an appropriate state certificate prior to the first day of employment. During fiscal 2023, GOCS-B had 10 employees without a proper certification credentials.

Status: Condition still exists, see finding 2024-001.

Office of Policy and Management
450 Capitol Avenue MS-54MFS
Hartford, CT. 06106-1379

AUDIT FINDING

Finding Reference Number: 2024-001 Non-Certified Personnel

Description of Finding: During fiscal 2024 GOCS-B had 4 employees without proper certification credentials.

Statement of Concurrence: We concur with the finding & recommendation, which have been reviewed with the management team and the board's finance committee.

Corrective Action:

During the FY24 school year, the Great Oaks Charter School had 4 teachers who were not certified. Given the continuing challenges of the teacher shortage facing schools in general and the Bridgeport community in particular, we are building on the additional steps we have taken to help certify all our teachers:

Identified Issues Regarding Certification:

- Increased salary range to competitively recruit highly qualified teachers, placing the school at the high end of the district's salary range
- Develop partnerships with local colleges to recruit likely-to-certify candidates.
- Work more closely with the CSDE certification team to help expedite applications through the approval process.
- Pre-qualify prospective teachers through transcript review before second interviews
- Certification screening and, if required, application completion before onboarding
- Bi-weekly check-ins with staff members with pending certification expirations (6 months) or pending applications to ensure compliance with State mandates
- Enhanced relationships with local colleges to streamline the AmeriCorps Fellow to Teacher Pipeline for internal candidates
- Praxis (certification testing) coaching is offered in addition to any certification program offerings
- Certification testing reimbursement

Name of Contact Person: John Scalice
Chief Executive Officer
Email: jscalice@gobpt.org
Phone: (203) 870-8188

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450 Capitol Avenue MS-54MFS
Hartford, CT. 06106-1379

AUDIT FINDING

Finding Reference Number: 2024-002 Reporting

Description of Finding: GOCS-B's AUP for 2022-2023 Educational Financial System Data and October 2022 PSIS Data Elements was not filed on time.

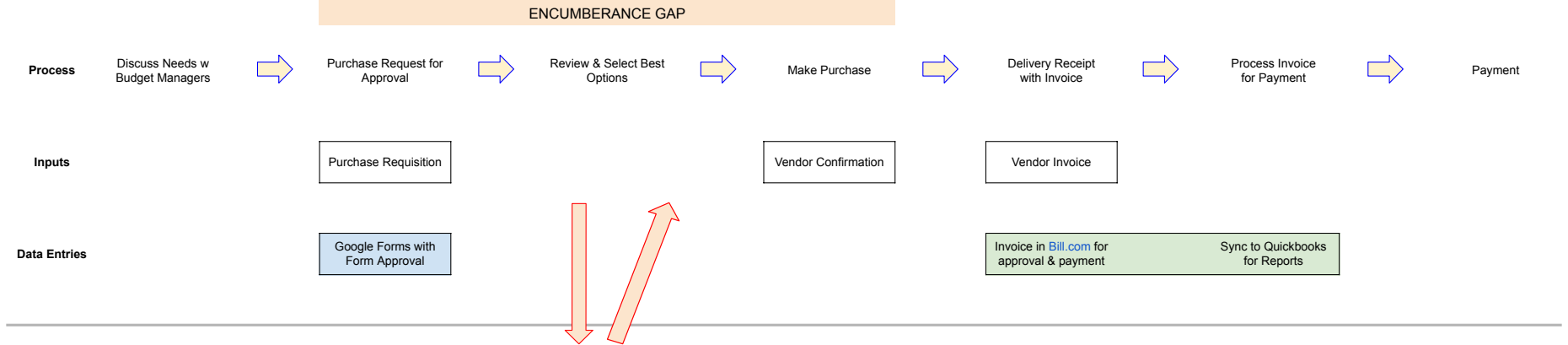
Statement of Concurrence: We concur with the finding & recommendation, which have been reviewed with the management team and the board's finance committee.

Corrective Action:

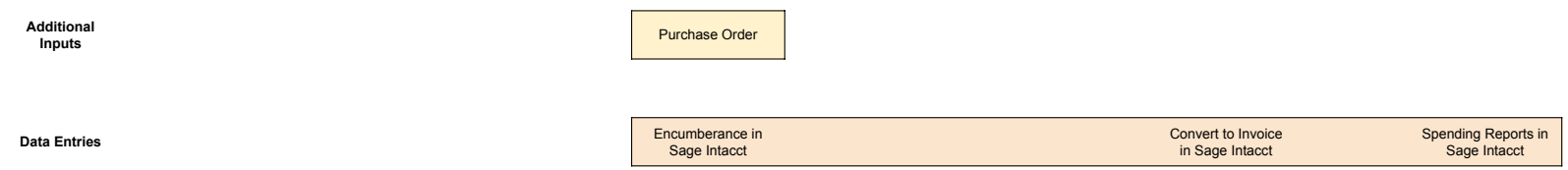
At the deadline, the Educational Financial System data had been filed but not the auditor's Agreed-Upon-Procedures, which were being finalized. The school will set up a schedule so that the information needed for the AUP earlier during the audit cycle. After reviewing with CSDE, we now understand together with the audit team that the AUP must be filed by the deadline and amendments can be added at a later date if necessary. This will help ensure that the AUP for the Educational Financial System Data and PSIS Data Elements are filed on a timely basis.

Name of Contact Person: Benjamin Chan
Chief Financial Officer
Email: bchan@gobpt.org
Phone: (203) 870-818

CURRENT PURCHASING WORKFLOW



FUTURE PURCHASING WORKFLOW





We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Sage Intacct Proposal Summary



	TPS Implementation	Standard Implementation
Timeline	7 weeks to go-live & 6 weeks post go-live support	12 weeks to go-live & 6 to 8 weeks post go-live support
Historical Data	Current fiscal year up to go-live only	2 years of GL Monthly Summary Net Changes
Set-up	Pre-configured	Best Practices & individually configured
Implementation Responsibility	More responsibility is put on the client	CLA is more involved
Price	\$12,250	\$15,000





TPS Implementation Overview

What's in a Trusted Practice Solution (TPS)?

General Ledger

Accounts Payable
w/Electronic Payments

Accounts Receivable

Cash Management

Financial Reports

Statistical Reports

Pre-Defined Roles

4/5 Digit GL Accounts

Purchasing

Order Entry

Time and Expense

Financial Dashboards

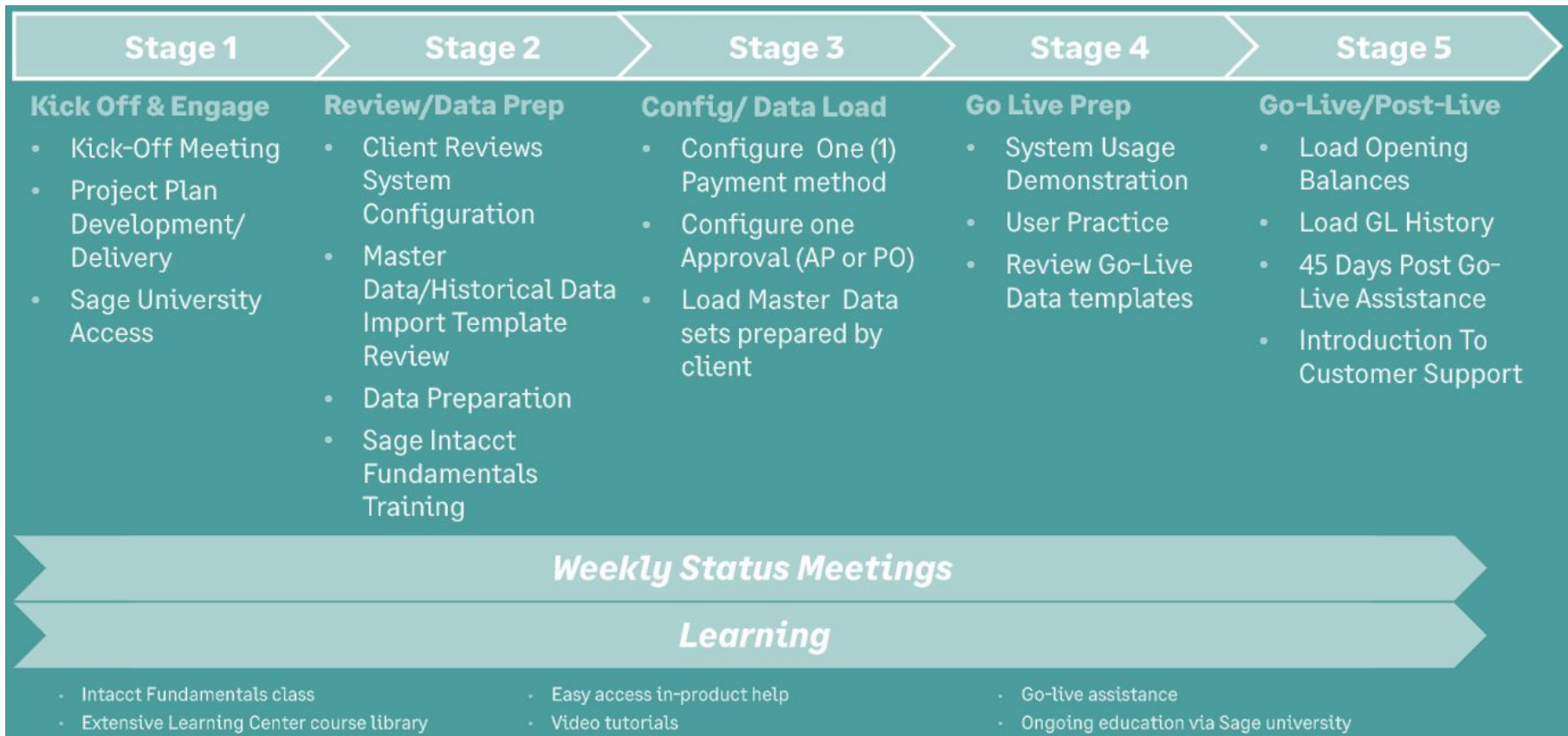
Role Based Dashboards

Pre-Defined Checklists

Pre-configured based on best practices



TPS - Fixed Fee, Fixed Scope Project Delivery





Do you qualify for a TPS Implementation?

Requirements for a fixed fee, fixed scope

- A Trusted Practice Solution
- Use of out-of-the-box COA
- Accrual basis only
- Up to 5 entities
- Current FY history only

Micro vertical specific TPS available for EA

General Business

- Business Basics
- Farming
- Residential Services

Hospitality

- Restaurants
- Lodging

Not For Profit

- Community Clinic
- Behavioral Health
- Long Term Care
- Associations
- Social Services
- Schools
- Churches

Healthcare

- Long Term Care
- Patient Care
- Dental Practice
- Behavioral Health

Statement of Work Summary

TPS – Fixed Fee, Fixed Scope Implementation

Trusted Practice Solutions

- Pre-configured Sage Intacct environment that has industry best practices built-in
- Used as a starting point for implementation
- What's pre-configured:
 - Core application configuration
 - Chart of Accounts and Statistical Accounts
 - KPI scorecards
 - Reports and dashboards
 - Dimension terminology

+

Fixed fee, fixed scope implementation of Sage Intacct Common Core

- Timeline: 7 weeks to go-live and 6 weeks post go-live support
- Limitations:
 - Requires use of a Trusted Practice Solution
 - Must accept pre-configured chart of accounts
 - Accrual basis only
 - Up to 5 entities
 - Current FY history up to go-live
- **Price: \$12,250**

Fixed Scope Breakdown

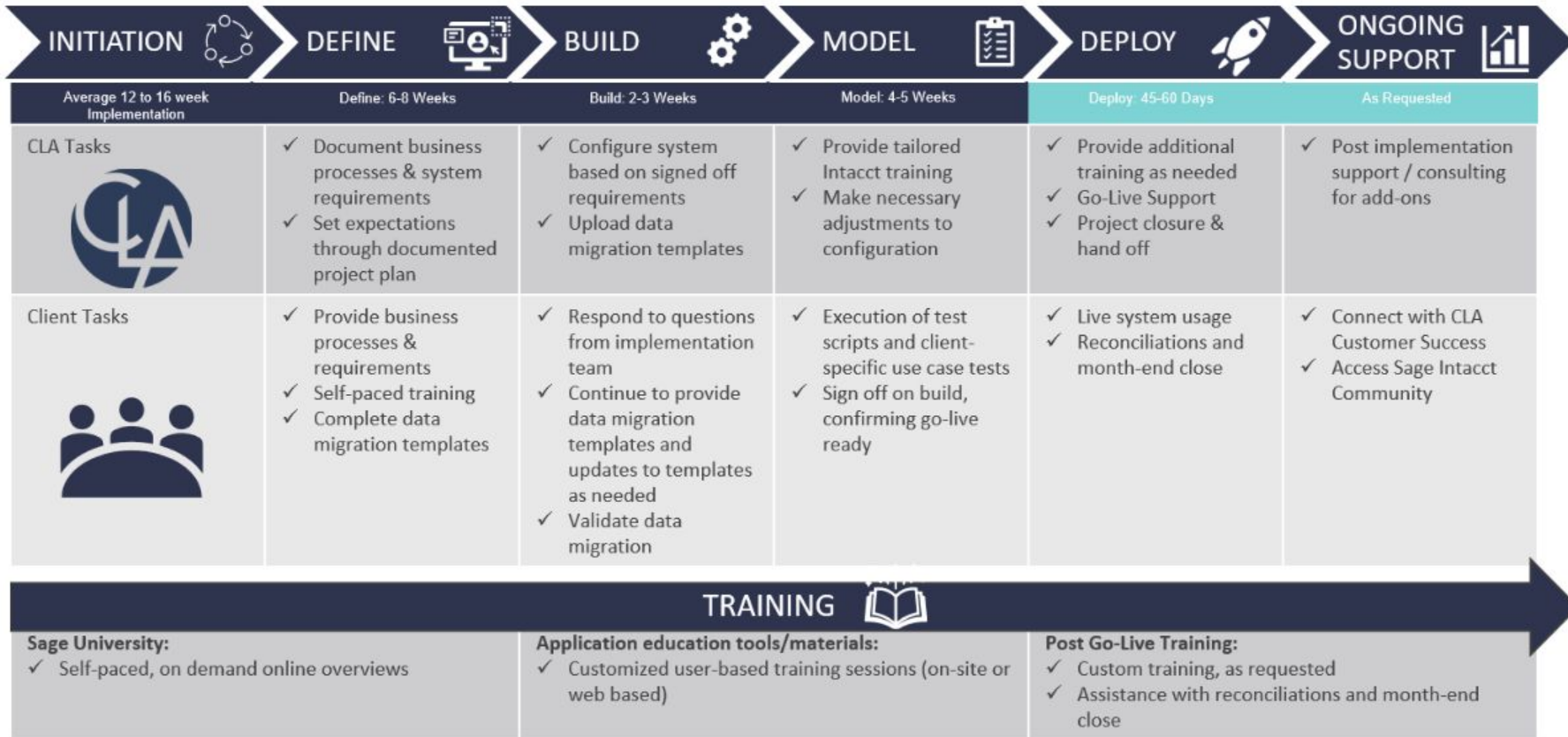
- Editions – Essentials Package
 - Core modules: GL, Cash Management, AP, AR, Purchasing, Basic Project Tracking, & Reporting
 - 2 Business users
 - 1 Employee user 10-pack
 - 1 entity
 - Learning Membership
- Sandbox Environment





Standard Implementation

Sage Intacct Implementation Methodology



Collaborative Team

Project Leader

- Responsible for the overall project delivery including:
 - Assignment of scope
 - Planning and Scheduling
 - Conducting Status Meetings
 - Preparing Status Reports
 - Complete CLA's activities as specified in this Statement of Work

Lead Consultant

- Leads tasks and implementation deliverables for Project
- Strategic advisor for best practice system recommendations

Consultant

- Assists lead consultant with deliverables, including requirements gathering, documentation, build and training.

Client Relationship Leader

- Executive QA and oversight.
- Supports Client throughout your relationship with CLA
- Point of escalation and non-billable resource



Business Process Improvement



Experience

Project Team
Organization



Understanding

Current situation
Business needs and
requirements
Desired outcome



Solution

Options
Benefits
Priorities



Methods

Interviews
Workshops
Brainstorming sessions
Documentation



Value of the Intacct Implementation



- ✓ Deep industry specialization
- ✓ Understanding your requirements
- ✓ Share best practices in process automation
- ✓ Assist in establishing the structure
- ✓ Configure Intacct to best fit your needs
- ✓ Automate consolidations & allocations
- ✓ Financial & operational reporting
- ✓ Dedicated training and support resources
- ✓ Both accounting professionals and Sage Intacct application consultants and senior consultants



Post Go-Live Support



Support Services

Tier 1 Support – Included in subscription

User Errors – Billed hourly at Client Support Rate

User Training/Report Writing – Billed hourly at Client Support Rate



Access to CLA Support Desk – Email/Phone Support;
8:00am-5pm CST



Access to Sage Intacct Customer Portal



Client Success Plan – Dedicate Client Success Team Member;
discounted Client Support Rate of \$195/hour



Statement of Work Summary

In-Scope and Optional Applications, Solutions, and Implementation Services

- Sage Intacct Multi-entity, Shared Environment with One (1) Entity
- Two (2) Business Users
- One (1) Employee 10-Pack
- QuickStart Financial Statements and Dashboards
- Sage Intacct Core Modules:
 - General Ledger
 - Accounts Payable
 - Accounts Receivable
 - Cash Management
 - Purchasing
 - Basic Project Tracking
- Vendor ACH Payment Services
- User-Defined Dimensions **(Optional)**
- Sage Intacct Collaborate
- 3rd Party Systems:
 - csv Integrations
 - MPP Integrations
 - Sage Cloud Banking
- Data Migration:
 - Configuration Data
 - Dimensional Data
 - Historical Data
 - Opening Balance as of 12/31/2023
 - GL Monthly Summary Net Changes for fiscal years ending 2023 and 2024 up to go-live date
 - Open AP Invoice Balances
 - Open AR Invoice Balances

Pricing Summary

- Billing Type: Fixed Fee
- In-Scope Fees: \$15,000
- Optional Components:
 - User-Defined Dimensions \$2,500





Sage Intacct Subscription

Subscription Cost Breakdown

Module Description	QTY	Annual Price	Total
Intacct Essentials Edition	1	\$ 9,000	\$ 9,000
Includes: General Ledger, Cash Management, Purchase Order, Accounts Payable, Order Entry, Accounts Receivable, Basic Time and Expenses, Basic Project Tracking,			
Core Reporting and Dashboards, Two (2) Business Users, One (1) Additional Entity, One (1) Employee User Ten (10) Pack, and Sage Intacct Learning Membership			
Sandbox Environment	1	\$ 900	\$ 900
Annual Sage Intacct Subscription			\$ 9,900
Total of 20% Annual Subscription Nonprofit Discount (Excludes the Essentials Edition package)			\$ (180)
Annual total with core modules, users and add-on modules			\$ 9,720



GREAT OAKS



CHARTER SCHOOL

Great oaks, from little acorns grow

Great Oaks Charter School – Bridgeport

Fiscal Manual

DRAFT: October 2024

Prior Revision: December 2022

REVISION LOG

<u>Date</u>	<u>Section</u>	<u>Description</u>
1. April 2019		Revised draft reviewed by Great Oaks Foundation & the School
2. Nov. 2019	2.1.3	Collection of cash procedures added
3. Dec. 2022	2.2.2	Special education invoicing process added
4. Oct. 2024	General	School leadership roles updated & references to Great Oaks Foundation as a Charter Management Office (CMO) deleted due to the independence of the school from the CMO as of Dec. 31, 2023
	1.6	Charter expiration date updated
	3.2.2	Two check signers required for payments over \$5,000
	6.1.2	Bank & credit card statements, and bank & credit card reconciliations are reviewed & signed monthly by a designated member of the Finance Committee

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CHAPTER 1. Introduction

Great Oaks Charter School – Bridgeport (GO BPT) is committed to developing and maintaining fiscal policies and procedures that ensure good governance, sound internal controls, fiscal responsibility and accountability in accordance with Generally Accepted Accounting Principles (GAAP), and adherence to the Financial Accounting Standards Board (FASB) rules and regulations. As a not-for-profit organization, *GO BPT* is entrusted with funds granted by government agencies, private foundations and individual contributors and must adhere to the highest standards of accounting.

Internal Control Systems

The internal control structure consists of policies and procedures that have been established by the school's Board of Directors to achieve *GO BPT*'s objectives. More specifically, the control structure represents those policies and procedures that affect the organization's ability to process, record, summarize, and report financial information. This structure is established and maintained to reduce the potential unauthorized use of *GO BPT*'s assets or misstatement of account balances. The internal control structure is composed of the following basic elements:

- 1) the control environment;
- 2) the accounting system;
- 3) control procedures; and
- 4) the accounting cycle.

1. The Control Environment

The control environment reflects the importance *GO BPT* places on internal controls as part of its day- to-day activities. Factors that influence the control environment include school leadership and Board oversight, engagement & philosophy, organizational structure, ways of assigning authority and responsibility, methods of management and control, personnel policies and practices, protection of informants of improper **activities, and external influences** such as significant funder expectations.

2. The Accounting System

The accounting system comprises the policies, methods, accounting software, and records used to identify, assemble, classify, record, and report accounting transactions. At a minimum, it is set up to:

- Identify and record all of *GO BPT* transactions;
- Describe the transactions in enough detail to allow classification for financial reporting and support business purpose; and
- Indicate the time period in which transactions occurred in order to record them in the proper accounting period.

3. Control Procedures

Control procedures are the procedures set up to strengthen *GO BPT*'s internal control structure and thus safeguard the school's assets. They are divided into the following:

- Segregation of Duties: No one person should control all the key aspects of a transaction or event, and the functions performed by one person may be checked by the functions performed by the other.
 - o In general, the transaction approval function, the accounting/reconciliation function and the asset custody function should be separated among employees whenever possible.
 - o When these functions are not or cannot be separated, then a detailed supervisory review of related activities should be undertaken by managers or officials as a compensatory control.
- Restricted Access: Physical access to valuable and movable assets is restricted to authorized personnel. Systems access to make changes in accounting records is restricted to authorized personnel.
- Document Control: To ensure that all documents are captured by the accounting system, all documents must be pre-numbered and the sequence for documents must be accounted for. To ensure compliance with the Sarbanes-Oxley Act's provision to prevent destruction of litigation-related documents, *GO BPT* has adopted policies and procedures for document retention.
- Processing Control: This is designed to catch errors before they are posted to the general ledger. Common processing controls are the following: batch controls; source document matching; clerical accuracy of documents; and general ledger account code checking.
- Reconciliation Controls: These are designed to catch errors after transactions have been posted to the general ledger, including reconciling selected general ledger control accounts to subsidiary ledgers.

4. The Accounting Cycle

The overall purpose of an accounting system is to accurately process, record, summarize, and report transactions of *GO BPT*. The component accounting cycles fall into one of four primary functions:

1. Revenue, accounts receivable, and cash receipts
2. Purchases, accounts payable, and cash disbursements.
3. Payroll
4. General Ledger and Financial Statements

5. External Regulation and Review of Internal Controls Sarbanes-Oxley Act

The American Competitiveness and Corporate Accountability Act of 2002, also known as the Sarbanes- Oxley Act, was passed in response to the corporate accounting scandals that took place in 2001 and 2002. According to the law, publicly traded companies must now adhere to new governance standards that give board members a greater oversight role regarding financial transactions and auditing procedures. Although most of the provisions of the act apply only to publicly traded corporations, two provisions of the law apply to not-for-profit organizations including provisions for whistleblowers and document retention.

Whistleblower: Section 1107 of the act, Retaliation Against Informants, applies to all entities, public or private. It states that it is illegal to retaliate against a “whistleblower.” The Sarbanes-Oxley Act does not require organizations to have a whistleblower policy; however, it is in an organization’s best interest to do so. *GO BPT* has adopted a whistleblower policy that provides clear procedures for handling whistleblower complaints.

Document Retention: The Sarbanes-Oxley Act also addresses the destruction of litigation-related documents. The law makes it a crime to alter, cover up, falsify, or destroy any document (or persuade someone else to do so) to prevent its use in an official proceeding. Like their for-profit counterparts, not-for-profits need to maintain appropriate records about their operations. *GO BPT* has adopted a written, mandatory document retention policy.

Auditing Standards for Reporting on Internal Controls - SAS 112

Beginning December 15, 2006, new auditing standards increase the level of reporting required by external auditors on an organization’s internal controls. Auditors are now required to issue a report rating Control Deficiencies, Significant Deficiencies and Material Weaknesses, and incorporate a management Action Plan to address the auditor’s observations. In addition, classifications of serious deficiencies have been broadened such that conditions not previously reportable are now required to be reported in writing, not only to school leadership, but also to the Board. Auditors must increase their inquiry and testing of controls in high-risk areas including:

- Procurement and contracting
- Cash disbursements and expenditures
- Payroll and personnel
- Fixed assets, equipment and inventories
- Revenue – especially school enrollment records and lunch programs
- Fiscal oversight of the Board of Directors

6. Charter Schools - Oversight of Fiscal Soundness and Internal Controls

Charter schools, such as the Great Oaks Charter School of Bridgeport, are public schools that operate independently and autonomously of local school districts. Charter schools offer public school choice to their communities with the goal of improving student achievement, particularly for children at-risk of academic failure.

The Charter authorizer, in the form of the State Board of Education, provides oversight sufficient to ensure that schools are in compliance with applicable law and the terms of its charter. The authorizers’ oversight includes approval of renewal of *GO BPT*’s charter.

Charter Date: *GO BPT* received its charter approval on April 2, 2014 from the Connecticut State Board of Education.

Authorizer: The Connecticut State Board of Education is *GO BPT*’s authorizer.

Charter Renewals

Charters are time limited. The State Board of Education may grant charters for five years. Prior to the expiration of their charters, schools must apply for renewal. If renewal is not granted, the charter expires and *GO BPT* may no longer operate as a charter school. Charters may be renewed, upon application, for up to five years.

Renewal: *GO BPT's* current renewal of three years expires on June 30, 2027.

Benchmarks for Fiscal Soundness

Applications for renewal are submitted to *GO BPT's* authorizer. In the renewal application *GO BPT* must be able to demonstrate fiscal soundness. Fiscal soundness is certified by meeting a set of fiscal benchmarks for 1) board oversight; 2) budgeting and long-range planning; 3) internal controls; 4) financial reporting; and 5) financial condition. *GO BPT's* adherence to each benchmark must be addressed in the renewal application.

1. Board Oversight

The Board has provided effective financial oversight, including having made financial decisions that furthered *GO BPT's* mission, program and goals.

2. Budgeting and Long-Range Planning

GO BPT has operated pursuant to a long-range financial plan. *GO BPT* has created realistic budgets that are monitored and adjusted when appropriate. Actual expenses have been equal to or less than actual revenue with no material exceptions.

Elements that should generally be present, and which the charter authorizer, looks for, include:

- Clear budgetary objectives and budget preparation procedures;
- The budget process is initiated by the **CEO** who seeks input from board members, school administration and teachers;
- *GO BPT's* long-range fiscal plan is compared frequently to actual progress and adjusted to meet changing conditions; and
- Budget variances are analyzed routinely, and material variances are discussed and addressed at the board level including any necessary budget revisions.

3. Internal Controls

GO BPT has maintained appropriate internal controls to detect and prevent loss of school assets. Transactions have been accurately recorded and appropriately documented in accordance with the school's direction and laws, regulations, grants and contracts. Assets have been and are safeguarded. Any deficiencies or audit findings have been corrected in a timely manner. If findings are serious, the Board is strongly recommended to adopt a corrective action plan and submit to the Charter authorizer, upon request.

Elements that are generally present, and which the charter authorizer looks for, include:

- *GO BPT* follows a set of comprehensive written fiscal policies and procedures;
- *GO BPT* safeguards its assets;

- *GO BPT* identifies and analyzes risks and takes actions to mitigate such risks;
- *GO BPT* has controls in place to ensure that school leadership and Board of Directors decisions are properly carried out;
- *GO BPT* monitors and accesses controls to ensure their adequacy;
- *GO BPT's* board members and employees adhere to a code of ethics;
- *GO BPT* makes purchasing decisions that consider price, quality and dependability and makes purchasing selections with the intention of maintaining a top-quality school;
- *GO BPT* ensures duties are appropriately segregated, or institutes compensating controls;
- *GO BPT* ensures that employees performing financial functions are appropriately qualified and adequately trained;
- *GO BPT* has systems in place to provide the appropriate information needed by staff and board to make sound financial decision and to fulfill compliance requirements;
- An employee of *GO BPT* reviews grant agreements and monitors compliance with all stated conditions;
- *GO BPT* prepares payroll according to appropriate state and federal regulations and school policy; and
- *GO BPT* takes corrective action in a timely manner to address any internal control or compliance deficiencies identified by its external auditors if needed.

4. **Financial Reporting**

GO BPT has complied with financial reporting requirements. *GO BPT* has provided the charter authorizer with required financial reports on time, and such reports have been complete and have followed generally accepted accounting principles.

The following reports will have generally been filed in a timely, accurate and complete manner:

- Annual financial statement of audit reports, including federal Single Audit (A-133) if applicable;
- Annual budgets and cash flow statements;
- Un-audited quarterly reports of income and expense;
- Bi-monthly enrollment reports to the district and State Education Department; and
- Grant expenditure reports.

5. **Financial Condition**

GO BPT is committed to maintaining adequate financial resources to ensure stable operations and has monitored and successfully managed cash flow. Critical financial needs of *GO BPT* are not dependent on variable income (grants, donations and fundraising). Elements of sound financial condition, which the charter authorizer will look for, include:

- *GO BPT* maintains sufficient cash on hand to pay current bills and those that are due shortly; or maintains a Current Ratio (Current Assets / Current Liabilities) of 2.0 or greater.
- Additional financial ratio goals include:
 - Debt to Asset ratio of less than or equal to 1.0
 - Total program to educational services ratio over 70%
 - *GO BPT* prepares and monitors cash flow projections
- *GO BPT* accumulates unrestricted net assets that are equal to or exceed two percent of *GO BPT's* operating budget for the upcoming year.

Fiscal Organization and Other Matters Financial Team

The fiscal management of *GO BPT* involves the following positions:

- Board of Directors
 - Board Chair
 - Treasurer
 - Finance Committee
- School Leadership
 - Chief Executive Officer (CEO)
 - Chief Operating Officer (COO)
 - Chief Financial Officer (CFO)
 - Accounts Payable Manager

Segregation of duties is achieved by separating financial functions between staff, including the utilization of non-financial staff (e.g. *Office Coordinators & Operations staff*) for receipt of mail and goods; and review, oversight and authorization levels assigned to the **Chief Executive Officer, Chief Operating Officer, Chief Financial Officer** and the Board. In addition the *Treasurer* regularly monitors the assignment of financial duties and responsibilities for their impact on segregation of duties.

Fiscal Year

GO BPT's fiscal year is July 1 through June 30.

Accrual Accounting

GO BPT uses the accrual basis of accounting when preparing its financial statements. Unlike cash accounting, which records revenue and expenses when they enter or leave the organization's cash accounts, accrual accounting utilizes the concept of matching, to match revenues and expenses to the time period for which they were utilized.

Board's Oversight Role

The day-to-day fiscal responsibilities of *GO BPT* are assigned to its fiscal staff who are supervised by the **Chief Executive Officer**. However, ultimate responsibility for the overall management of the organization rests with the Board of Directors. The Board Treasurer serves as the **key financial contact. Accounting and auditing** standards also require the establishment of a *Finance* Committee to assure *GO BPT's* financial health and compliance. See the Chapter on Governance later in this manual.

CHAPTER 2. Revenue, Accounts Receivable, and Cash Receipts

2.1 ACCOUNTS RECEIVABLE & CASH RECEIPTS

INTERNAL CONTROL OBJECTIVES

Accounts Receivable and Cash Receipts

- Cash receipts are recorded correctly as to account, amount, and period and are deposited promptly intact.
- Cash receipts are applied properly to donor/grantor balances.
- Cash balance records are reconciled monthly to bank statements and differences are investigated.

Policies & Controls

- 2.1.1 All cash receipts are received on a timely basis by the Office Manager, who has no role in the recording or processing of cash receipts. Receipts are accurately processed and recorded by the **Chief Financial Officer**.
- 2.1.2 The school will maintain daily attendance records for all students, maintain documentation of attendance as required, and submit all required reports to the Board of Education (BOE) on a timely basis.

Agency Procedures to Implement These Policies

- 2.1.3 All cash receipts are received on a timely basis by staff who have no role in the recording or processing of cash receipts. Receipts are accurately processed and recorded.

Opening the mail and Endorsing Checks

All mail is directed to the *Office Manager*. The *Office Manager* opens all mail, segregates checks and immediately & restrictively endorses each check. The restrictive endorsement should include:

1. "Great Oaks Charter School"
2. Bank name
3. GO BPT bank account number
4. "For Deposit Only"

The Office Manager scans the check(s) and supporting documentation. The original checks are submitted to the **CFO**. Office Manager also updates the cash / checks receipts log and ensures that the scan of the documents are linked to the cash receipts log.

Preparing the bank deposit

The **CFO** prepares a deposit ticket for each account for which checks are or cash is received. The deposits are numbered for each bank account.

Making the deposit

The **A/P Manager or CFO** deposits checks on a timely basis. Checks that are not deposited on the day of receipt are kept in a locked cash box in a locked cabinet, access to which is limited to the **CEO, CFO & COO**. After deposit, the validated deposit ticket is kept for submission to the **CFO** for entry into the accounting software. If the deposit occurs electronically, the **A/P Manager** will write “electronically posted” on the front of the original check and submit it with a printed transaction receipt to the **CFO**.

Recording cash receipts

The **A/P Manager** codes the check using the **Income Receipt Coding Form** and submits the deposit ticket and/or printed transaction receipt to the **CFO**. The **CFO** records the deposit in the accounting software general journal by donor or funder and initials and dates the deposit package upon completion of data entry. The deposit ticket and/or printed transaction receipt is stapled to the check copies and any supporting documentation and filed.

Verifying deposits

The **CFO** compares the bank-validated deposit ticket to the bank statement. The **CFO** brings any discrepancy that cannot be resolved to the attention of the **CEO** and if not resolved, to the Board.

Collection and Receipt of Cash for school-related sales activities

Cash may be received from parents and others for activities such as school lunches, club dues, purchases of uniforms for students, etc. The **A/P Manager** is designated to receive cash and uses the following procedures:

- Cash is kept in a locked cash box, which is secured in locked cabinet when not in the immediate possession of the **A/P Manager**.
- Pre-numbered cash receipts are filed in triplicate: one copy for payee, one for staff receiving cash and one for the **CFO**.
- Cash is logged on a daily basis in a **Cash Receipts Log**. The log is totaled, printed and signed by the **A/P Manager** each day. The **A/P Manager** keeps a copy of the log for him/herself and places the original in the cash box.
- On a weekly basis, the **A/P Manager** reviews the cash receipts and reconciles the cash receipts to the log. The **A/P Manager** signs and dates the log and prepares the cash for deposit. The **Cash/Check Received Receipt Form** is completed prior to deposit. No photocopies are made of cash.
- After deposit, the **A/P Manager** codes the cash deposit using data from the Cash Receipts Log with the Income Receipt Coding Form and submits the deposit ticket to the **CFO**. The **CFO** records the deposit in the accounting software and dates the deposit package upon completion of data entry. The deposit ticket is stapled to the Cash Receipts Log copy and any supporting documentation and filed. GO BPT follows record retention policies satisfying local government and tax regulations.

Verifying the deposit

The **CFO** compares the bank-validated deposit ticket to the bank statement. The **CFO** brings any discrepancy that cannot be resolved to the attention of the **CEO**.

Processing and recording electronic funds transfers and ACH payments

For receipts other than cash or checks (for example, electronic funds transfers (EFTs) and ACH payments including contract or grant payments), the **CFO** reviews online bank activity on a weekly or on as needed basis. When new transfers have come through, the **CFO** prints out the online statement, codes it with the appropriate revenue code and records the receipt to the general ledger.

Processing and recording Credit Card Receipts

When a credit card receipts are received online, via *GO BPT's* website. A fee is deducted for credit card processing from the donation, and the remaining balance of the donation is wired into the *GO BPT* bank account.

A listing of all credit card donations is generated by the credit card processing company. The **COO** receives the list and submits it to the **CFO**. The **CFO** enters the donation information from the report into the accounting software, then reconciles the donation amounts listed on the credit card processing company's report to the amounts wired to the bank account. The **CFO** then records the credit card donation to the general ledger. The **CFO** reviews such coding and information recorded on a monthly basis.

Maintaining Cash Receipts Documentation

Remittance batches, with their batch cover sheet, are filed in chronological order by month. *GO BPT* follows record retention policies satisfying local government and tax regulations.

Lunch Program Receipts

The Lunch Program at *GO BPT* is provided for its students in accordance with the Federal Free and Reduced Lunch Program. Under this program, students are eligible for free or reduced breakfasts and lunches. The process for the lunch program includes:

- Determination of eligibility for free or reduced lunches; and
- Daily count of students receiving breakfasts and lunches at *GO BPT*.

Determination of eligibility for free or reduced lunches

The **COO** distributes Financial Eligibility Forms annually to parents at the beginning of the *GO BPT* school year. Parents complete and return the forms to the Office Manager in charge of the lunch program who sends the information regarding the parent's eligibility for Free/Reduced lunches to the Connecticut State Department of Education (BOE), which certifies eligibility.

Daily count of students receiving breakfasts and lunches

The *Office Manager* counts and records the names and number of students who are to receive lunches daily and deliver the logs to the **COO**. The *Office Manager* person completes a daily transmittal sheet indicating the number of lunches delivered.

In-kind Donations

Acceptance

Proposed donations of goods and services will be analyzed for usability in *GO BPT's* internal operations and/or programs prior to acceptance. If the goods or services cannot be effectively utilized by *GO BPT*, they will be rejected, donated to another not-for-profit or otherwise discarded. These items will not be valued or recorded.

Proposed donations of space will similarly be evaluated for usability in *GO BPT's* internal and Board activities and rejected if inappropriate or difficult to access.

Valuation

Goods. Donated goods for use in *GO BPT's* programs, such as books and art supplies, without specifying any individual client beneficiary or small qualifying group, will be valued by the item or bag. The **CFO or COO**, in consultation with the donor if appropriate or useful, will assign the value for each category of item or bag.

Other donated goods for use in *GO BPT's* internal operations will be valued individually. These items include gifts of property such as materials, equipment, supplies, artwork and other personal property. The **CFO or COO**, in conjunction with the donor where appropriate, will assign the appropriate value for these items.

Capital items for use in *GO BPT's* internal operations and programs, such as furniture, computers, equipment and appliances will be valued by the **CFO or COO** in conjunction with the donor, where appropriate.

Services. In order for donated services to be recognized, they must be services that:

- Enhance a non-monetary asset (such as property and equipment), and
- Require specialized knowledge or skills that would typically need to be purchased by the organization if they had not been provided by contribution, and are provided by individuals with those skills (such as doctors, lawyers, accountants, architects, contractors, teachers or other professionals).

These services will be valued at fair market value.

Space. The **CFO** is responsible for assigning a value based on the fair market value for major donations of high quality that *GO BPT* would have otherwise rented for a program or event.

Communication

The **COO** must be notified of every donation of goods, services or space. Thank you letters must be sent and donor information recorded. When a value is placed on the donation, Finance staff is notified as well. All donors will receive thank you letters. The value established by *GO BPT* of donated goods, services or space will not be provided to the donor, as it is the donor's responsibility to establish the value in their own dealings with the Internal Revenue Service.

Recording

Goods, services and space provided to *GO BPT* that qualifies under the above criteria are recorded as contribution revenue. Items donated for fundraising purposes, such as a silent auction, will be recorded as contributions for the amount of the transfer price paid by the recipient of the item.

The corresponding use of the goods or services is recorded at the time the goods are distributed to clients or staff, or the services are accepted and utilized. They are coded to the appropriate accounts and cost centers at the time of their distribution or use. Any good that qualifies as a fixed asset is depreciated in accordance with the fixed asset depreciation policy.

Additional guidance on recognizing and substantiating in-kind contributions can be found in IRS Publication 1771. Additional guidance on determining the value of donated property can be found in IRS Publication 561. Both publications are online at www.irs.gov.

2.1.4 The school will maintain daily attendance records for all students, maintain documentation of attendance as required, and submit all required reports to the Board of Education (BOE) on a timely basis.

Maintaining Daily Attendance Records

Attendance is maintained in the PowerSchool system for each student on a daily basis.

Interim Reporting

Total students from PowerSchool system are entered into the FTE interim report, which is prepared by the *Office Manager* on a bi-monthly basis. The completed FTE interim report is then reviewed by the **COO**. A copy of the FTE interim report is retained by the *CFO*, attached to all relevant reports created from PowerSchool systems, and filed.

Annual Reporting

A final reconciliation between the PowerSchool software and actual per-pupil fees received will be performed at year-end and submitted to the BOE using the required Charter School FTE Reconciliation Form. The Reconciliation form will be prepared, reviewed, submitted and filed following the same procedure as the bi-monthly interim reports.

2.2 REVENUE RECOGNITION & ACCOUNTS RECEIVABLE

INTERNAL CONTROL OBJECTIVES

Revenue Recognition and Accounts Receivable

- Contracts and grants are properly billed and recorded in the general ledger and subsidiary records.
- Billings and revenues are recorded correctly as to account, net asset classification amount, and period.
- Recorded billings are for valid transactions.
- Where applicable, services provided or products shipped are billed and properly and promptly recorded in the general ledger and subsidiary records.
- Uncollectible accounts are promptly identified and provided for.
- Unpaid pledges and amounts receivable under grants or contracts are billed periodically and are only written off with proper approval.

Policies & Controls

2.2.1 Revenue is recorded on the accrual basis of accounting.

2.2.2 Revenue is classified in appropriate categories as established in Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations.

Agency Procedures to Implement These Policies

2.2.1 *Revenue is recorded on the accrual basis of accounting.*

Pledges/grants receivable

In compliance with accounting principles, revenue is recognized when earned and when contributions are received or awarded on the accrual basis of accounting.

All grant letters, pledges and promises to give are forwarded by the **CEO or COO to the CFO** upon receipt. The **CFO** reviews the documentation and records promises to give as a receivable depending on the probability of receipt.

The **CFO** offsets receivable accounts with payments received. On a quarterly basis, the **CFO** forwards the accounts receivable aging report to the **CEO/COO** to determine what, if any, steps are needed to collect or adjust the remaining receivables.

2.2.2 *Revenue is classified in appropriate categories as established in Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations.*

Unrestricted Revenue

Donations from private donors and foundation awards for which purpose or timing of use has not been restricted by donors are recognized as unrestricted revenue upon receipt of the donation or upon receipt of a commitment to receive the donation, such as a letter or pledge from a donor.

Any fee-for-service revenue is recorded as unrestricted income as the services are provided.

Investment income in the form of interest, dividends, rents, and royalties is recorded as unrestricted revenue as it is earned as long as there are no donor stipulations on the use of the income.

Temporarily Restricted Revenue Private Donations

Contributions are considered temporarily restricted revenue if they are received with donor stipulations that limit the use of the donated asset. Information on donor timing and purpose restrictions is entered by the **CFO** into the fundraising software and all stipulations are communicated to the fiscal office.

When a donor restriction expires, such as when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted contributions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. The **CFO** prepares a schedule of temporarily restricted assets for release on a quarterly basis. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as temporarily restricted revenue, with the amount met reported as net assets released from restriction.

Philanthropic Awards

Any philanthropic grant award notifications are communicated to the **CEO**. Philanthropic grant revenue must be recognized in full when an award letter is received. If the full amount of the grant is not received, the balance of the grant is recorded as an Account Receivable.

Only philanthropic grants that stipulate time or purpose restrictions of use are recorded as temporarily restricted grants, otherwise they are recorded as unrestricted funding. In some circumstances, a foundation grant could have significant milestones that must be met in order to receive the balance of the grant. In these circumstances, school leadership shall determine the likelihood that the milestones will be met in determining whether to recognize the entire grant in full upon receipt of the grant award letter. Grant awards for a fiscal year, without stipulation of a payment schedule, are recorded as grants receivable and due in the year of the award.

Revenue from Government Grants and Contracts

Any government contract award notifications that are received are forwarded to the **CEO** who reviews the information and then forwards it to the **CFO**. The **CFO** records the contracts, noting restrictions and reporting requirements in the contract agreement, including the timing of both reports due to the funder and expected payments.

Grant revenue is recognized based upon the terms of the award, including any restrictions or reporting requirements, when the award is received. Three types of government funding may be received.

- **Government Grants.** Government grants that are similar to foundation grants and are recorded as receivables in the same manner as philanthropic grants are treated (see

above). Where government grants are received over a period of years, revenue for the subsequent is recognized in those years and not as a receivable.

- **Cost-reimbursement Contracts.** Public contracts are considered reimbursable grants; therefore, revenue will be recognized after expenses associated with the contracts have been incurred by *GO BPT* in performance of the contract. The revenue is recorded upon preparation of a financial report of expenditures to a government agency.
- **Performance-based Contracts.** In the case of performance-based contracts, revenue is recognized when services are performed and a voucher is prepared as stipulated in the contract.

Permanently Restricted Revenue

Permanently restricted revenue, include trusts and endowments, where the **CEO** funds are never to be used as designated by the funder upon donation. The balances are adjusted at the end of the year to reflect increases or decreases to the assets, including additions to the endowment account and unrealized gains and losses.

An example of assets of this nature may be an endowment established by a contributor to *GO BPT*. An endowment is a fund where the original investment cannot be used by *GO BPT*. However, the interest earned on the investment can be used as unrestricted or temporarily restricted revenue for an intended purpose as outlined by the donor(s). An exception to this rule may exist if the donor(s) specifically state that a certain percentage of the permanently restricted assets can be withdrawn by *GO BPT* each year for a specific purpose.

Special Education Revenue

By mid-October of each year, the Public School Information System (PSIS) will have completed the Special Education roster for #294 Great Oaks Charter School - Bridgeport. The PSIS Special Education's total count is used to submit an invoice to the Bridgeport School District for Special Education funding. Based on the Memorandum of Understanding between Bridgeport and the school, Special Education funding is based on:

- One quarter of a Special Education teacher for every 5 Special Education students at the agreed fiscal year rate
- Paraprofessionals are reimbursed at the agreed fiscal year rate

The current fiscal year's salary rates are confirmed, and updated if necessary, with the Bridgeport Public Schools. The number of paraprofessionals employed by the school for the invoice period is determined by the school's employee roster & students' needs. Invoices can be sent monthly or quarterly for reimbursement by Bridgeport Public Schools.

The invoice, together with the PSIS October roster for the school year. are mailed to Finance & Operations Manager, Business Office, Bridgeport Public Schools, 45 Lyons Terrance, Bridgeport, CT 06604.

2.3 CONTRIBUTIONS: ACKNOWLEDGMENT AND DISCLOSURE

Policies & Controls

2.3.1 Acknowledgment letters with appropriate disclosures are sent to donors by email to substantiate donations.

Agency Procedures to Implement These Policies

2.3.1 *Acknowledgment letters with appropriate disclosures are sent to donors by email to substantiate donations.*

Acknowledgment letters

For each contribution received, regardless of amount, *GO BPT* issues an acknowledgment of receipt of the contribution to the donor. An electronic copy of the acknowledgement is emailed to the donor by the *Office Manager* or **CEO**. The acknowledgment includes:

- The amount received and a description of any other property contributed;
- A statement about whether *GO BPT* provided any goods or services in return for the contribution; and
- A description and an estimated value of the item provided if *GO BPT* provided something in return for the contribution.

Additional guidance in the form of examples and suggested language for acknowledgements can be found at <http://www.irs.gov/pub/irs-pdf/p1771.pdf>.

Written Disclosure

Since a donor may only take a contribution deduction to the extent that his/her contribution exceeds the fair market value of the goods or services the donor receives in return for the contribution, donors need to know the value of the goods or services provided by *GO BPT*. A written disclosure of the *quid pro quo* amount, or value of goods and services received by the donor *in exchange for* the contribution, is required by *GO BPT* if the donor makes any payment in excess of \$75.

Pro-bono, in-kind and donated services

Pro-bono and in-kind contributions are recorded when the donor's service has been completed or received. In cases where donated services are provided on an ongoing basis, pro-bono and in-kind contributions are recorded annually.

An acknowledgment letter is issued by email to the donor for the pro-bono or in-kind contribution. Donated services received by the school should be recorded at fair value if the services:

- Create or enhance a fixed asset (such as land, building, equipment, etc); or
- Require specialized skills that the provider possesses and that normally have to be purchased. These services can be lawyers, accountants, architects, teachers or other professionals.

Donated services not meeting either of these two criteria are not recognized.

The fair value of donated services can be estimated using hourly rates, costs for similar projects, salary rates, etc. The school works with its external auditors to include the disclosures

required in its annual financial statements. Disclosures should include information about the program or activity benefited and the nature and extent of contributed services. The amount recognized in the reporting period also should be disclosed.

CHAPTER 3 Purchasing, Accounts Payable, and Cash Disbursements

3.1 PURCHASING

INTERNAL CONTROL OBJECTIVES

Purchasing and Accounts Payable

- Goods or services are purchased only with proper authorization.
- Goods or services purchased represent allowable costs for reimbursement in accordance with the terms of that contract or grant agreement.
- Goods or services received are recorded correctly as to account, amount, and period.
- Recorded acquisitions are for goods and services received.
- Adjustments to vendor accounts are made in accordance with school leadership authorization.
- Only authorized goods and services are accepted and paid for.
- Access to purchasing, receiving, and accounts payable records is adequately controlled to prevent or detect duplicate or improper payments.
- The purchasing process is not controlled by one individual. Purchasing duties, from initiation of requisition through paying for the purchase, are properly separated amongst employees.¹

Policies and Controls

- 3.1.1 Goods and services are purchased using the best combination of quality, service, and price.
- 3.1.2 Only authorized purchase commitments are made and received.

Agency Procedures to Implement These Policies

- 3.1.1 *Goods and services are purchased using the best combination of quality, service, and price.*

Purchase requests

All purchases and expenditures outside of petty cash are reviewed and approved by the **School Leadership** prior to purchase commitment. The **A/P Manager** is then authorized to place orders for office and program supplies without additional approval.

Competitive bidding

The fiscal department is responsible for complying with the following competitive bidding policies when acquiring goods and services.²

More than one bid is required for the purchase of items costing \$5,000 or more. Written advertisements (including copies of web-based prices) of available products will be deemed acceptable evidence of bid price. Original bid documentation supporting the vendor selection and vendor invoice is reviewed by the any two of the following individuals: **CEO, COO, CFO** or a **Board Member**. For items or services costing \$10,000 or more, a formal request for proposals process will be conducted, where a written scope of work and/or price estimate is requested of three or more vendors.

¹ As recommended by the Office of the State Comptroller.

² As recommended by the Office of the State Comptroller.

Whenever the vendor selected is not the lowest bidder, reasons for the selection (e.g., service, timeliness, special features) are documented and maintained with the disbursement documentation in the files.

Certain professional services, due to their nature, are not subject to the bidding process. However, the Board of Directors must approve any purchase or contract that costs \$5,000 or more. Purchases valued at \$5,000 will be presented to the Finance Committee for review prior to being brought before the Board for approval. The Board will review purchases for approval during its monthly in-person meetings.

Board members sign written conflict-of-interest statements on an annual basis (see Chapter 8) and employees sign disclosures as the need arises to maintain a high level of integrity from self-dealing issues.

Sole Sourced Vendors

In the rare exception where only one vendor is available for a product or service, the vendor is considered a sole sourced vendor. In the case of sole sourced vendors, no competitive bidding is required. Any sole sourced vendor purchases should be documented and approved by the **CEO**.

Preferred Vendor Listing

The preferred vendor listing is maintained and updated by the *A/P Manager* under the supervision of the **CFO**. GO BPT reviewed the list of the vendors from CSDE.

Minority & Women Owned Business Enterprises (M/WBEs)

GO BPT will carry out the following good faith actions to encourage participation of M/WBE vendors in bidding processes:

1. Actively and affirmatively solicit bids for contracts from qualified MBEs or WBEs.
2. Ensure that plans, specifications, request for bids/proposals and other documents used to secure bids will be made available in sufficient time for review by prospective M/WBEs.
3. Document and maintain records of bid solicitation, including those to M/WBEs and the results thereof.

Purchases for GO BPT by Consultants

In the event an independent contractor or consultant's services to *GO BPT* include the purchase of supplies or equipment on behalf of *GO BPT*, the consultant shall comply in full with *GO BPT*'s purchasing policies and procedures.

The E-Rate Discount

According to the Telecommunications Act of 1996, a Universal Services Order, commonly referred to as "E-Rate" (Education Rate), ensures that eligible libraries and schools have affordable access to modern telecommunications and information services. *GO BPT* utilizes E-Rate vendors for technology items.

Purchase Requests and the Issuance and Monitoring of Purchase Orders

Generation of Purchase Request

The purchase request package is to be prepared for all purchases and is to be initiated by the employee or their supervisor requesting the purchase. For example, teachers initiate requests for instructional supplies and material, the *Office Manager* initiates requests for maintenance supplies, and the office supply monitor initiates requests for office supplies. The **A/P Manager, COO, CEO** and other staff may request purchases related to the educational and administrative operations.

The employee requesting the purchase completes a purchase order form, which includes a complete description of the items required, including quantity and description (and, if applicable, cost per unit and name of vendor). All educational staff first have Purchase Request Forms approved by their staff supervisor for programmatic purposes before receiving approval as outlined below. The employee includes the required bids for items over \$5,000, and obtains the proper authorization signatures on the Purchase Request Form as per the Pre-Approval Authorization Guidelines listed below. Where the vendor is the only provider of goods or services, “sole source” shall be indicated on the purchase order form with additional documentation.

Pre-Approval Authorization Guidelines		
Type of Purchase	Threshold	Approver
All education-related as well as office/administrative purchases	Up to \$4,999	Either CEO or COO
	\$5,000 and over	Board of Directors

The individual initiating the Purchase Order provides appropriate expense code, noting:

- Account number (code) with dollar distributions if applicable.
- Functional classification, if applicable.

Once the proper authorization has been obtained, the purchase order form is submitted to the school’s **COO, CFO & A/P Manager**.

Office and teaching supplies are to be purchased in batch orders by the following procedures:

The *Office Manager* or **Facility Manager** checks inventory of common/general office, maintenance and teaching supplies on a regular basis and creates Purchase Orders to keep regular these supplies in stock.

Teachers may place requests for special/additional instructional supplies and equipment by following the process outlined above. When possible, the purchasing coordinator-A/P Manager will batch these orders and prepare one Purchase Order for supplies.

Purchases of supplies outside of the regular procurement cycle may be made using *GO BPT’s* petty cash and/or cost reimbursement procedures (see appropriate section in this manual).

Purchase Orders

Upon receiving authorization for the purchase, the *Office Manager/AP Manager* assigns the next sequential purchase order number to the approved Purchase Order. The *Office Manager* ensures that the purchase orders contain all required information (order number, requisition number, vendor name, amount, date issued, and the name of contract for expense allocation), and retains all “VOID” purchase orders.³ The *Office Manager* performs the following tasks:

- Places the order via the web or by faxing or calling the vendor with a list items as described in the Purchase Order

- Place the Purchase Order in the accounts payable file to be used as supporting documentation for the check request form.

The **CFO or COO** periodically researches vendors and requests quotes to ensure best value and avoid conflicts of interest. The **CFO**, in consultation with the **CEO & COO**, annually reviews and recommends for approval, a list of approved suppliers.

A purchase order cannot be issued to *GO BPT* employees.⁴

Exemption from Sales Tax

GO BPT is recognized as a tax-exempt organization under Federal, Connecticut, and local laws. As such, *GO BPT* is exempt from sales taxes on goods purchased for its own use. All purchasers are expected to use the sales tax exemption form for all purchases.

GO BPT staff may use the sales tax exemption form only when purchasing goods and services on behalf of *GO BPT*. Tax exemptions do not apply to hotel, airfare, or communication-related taxes such as those on telephone bills.

3.1.2 Only authorized purchase commitments are made and received.

Receipt of goods and merchandise

Vendor payment will not occur without proper documentation of the receipt of goods or services.⁵ The Office Manager, **A/P Manager, CFO, COO or CEO** will sign for and receive goods and merchandise and perform the following:

- Verify that each item on the packing slip has been received;
- Note any back orders or discrepancies as to quantity, condition or price; and
- Forward the original documents (e.g. Packing slip) with noted discrepancies (if any) to the A/P Manager.

Additional Requirements

Additional procurement requirements for specific government contracts are followed and procedures are modified as needed.

³ As recommended by the Office of the State Comptroller.

⁴ As recommended by the Office of the State Comptroller.

⁵ As recommended by the Office of the State Comptroller.

3.2 CASH DISBURSEMENTS - PROCESSING ACCOUNTS PAYABLE

INTERNAL CONTROL OBJECTIVES

Cash Disbursements

- Access to cash disbursements records is restricted.
- Cash disbursements are made for goods or services authorized and received.
- Cash disbursements are recorded correctly as to account, amount, and period.

Policies and Controls

3.2.1 Only authorized and accurate expenditures are made and recorded.

3.2.2 Only authorized and accurate check disbursements are made.

Agency Procedures to Implement These Policies

3.2.1 *Only authorized and accurate expenditures are made and recorded.*

Receipt of invoice

All mail is directed to the front office. Invoices are given to the *A/P Manager*, who is responsible for assembling the payment package, including:

- Purchase request
- Packing slip and/or receiving report

For invoices received for goods and services where no receiving report exists, the *A/P Manager* receives written confirmation of receipt either via a goods received form or signature on the invoice from the receiver of the goods. For the service invoice recipient signing the invoice is considered sufficient as the indication that the services were received.

- Invoice

The *A/P Manager* is responsible for

- Ensuring that appropriate approval has been obtained on a purchase order form.
- Ensuring that the receiving documentation and invoice have been received.
- Matching the cost and items received on the invoice, original packing slip and approved Purchase Order. Any discrepancies of 10% or over of the cost on the invoices compared to the purchase order or discrepancies in units ordered and received are analyzed and resolved in coordination with the purchaser prior to payment.
- Investigating and resolving any outstanding back order issues
- Ensuring that all payment packages are supported by adequate documentation before a check is issued.⁶
- Entering purchase orders and invoices into the accounting system for payment approval

Once the payment packages are complete, the **A/P Manager** will forward the payment information to the **CEO or COO** for review and approval.

The **CEO or COO** reviews the payment information for completeness and verifies that all supporting documentation is attached, and authorizes the payment request for payment by initialing and dating or via email confirmation. If documentation is incomplete or missing, the package is returned to the *A/P Manager* for completion.

Other payment requests

Disbursements are made based on original invoices. In the case that there is no invoice (for example, a travel advance) the employee requesting the disbursement prepares the request in writing, and submits it to the **A/P Manager** and **CEO/COO** for approval. Once approved, this request is processed in the same manner as an invoice.

Expenses are supported by documentation that indicates the basis for the allocation of costs or other independent supporting documentation such as a rent invoice or real estate tax assessment statements.⁷

3.2.2 *Only authorized and accurate check disbursements are made.*

Paying invoices

As determined by *GO BPT's* timetable for payments, the **A/P Manager** runs an Aging Payables report and forwards the report to the **CFO** who review and select invoices to be paid based on the terms of the invoice. The *A/P Manager* then selects the invoices approved for payment within the accounts payable module, which updates vendor balances and permits checks to be printed. The *A/P Manager* prints checks using blank check forms. The physical checks are reviewed for proper printing.

Check writing security

All blank check stock is kept in a locked cabinet, access to which is limited to the **A/P Manager, CFO and CEO.**

Under occasional circumstances, the **CEO** has the authority to issue manual checks. The **CEO or COO** submit the invoice and check stub to the **CFO or A/P Manager** to enter into the accounting system. The **CFO** ensures all manual checks are accounted for during the bank reconciliation process.

Authorized signatures

Authorized check signers include the **CEO** and authorized Board members (Board Chair, Board Treasurer). A Board signatory is required on bank checks of \$5,000 and above.

Authorization Guidelines		
Bank Checks & Third Party Wire transfers	\$0 - \$4,999	Chief Executive Officer
	\$5,000 and over	Chief Executive Office <i>and</i> Board Treasurer

No employee may sign a check payable to him/herself. On an annual basis, the Board Treasurer submits a list of all bank accounts and authorized signers to the Board of Directors for approval.

Mailing checks

After obtaining signatures, the **A/P Manager** verifies that the check and stub properly identifies the invoice being paid. The **A/P Manager** then copies the check and invoice together and mails the check to the vendor. The stub and one copy of the check are attached to the original invoice and filed in the paid bills files by vendor. Copies of all voided checks should also be included in the check binder.

3.3 CREDIT CARDS

Policies and Controls

- 3.3.1 Only authorized personnel are issued credit cards and must agree to adhere to GO BPT's credit card policies.
- 3.3.2 Policies ensure that only appropriate expenses are reimbursed.
- 3.3.3 All supporting documentation is received prior to payment.
- 3.3.4 Employees will reimburse GO BPT for non-reimbursable expenses.

Agency Procedures to Implement These Policies

- 3.3.1 *Only authorized personnel are issued credit cards and must agree to adhere to GO BPT's credit card policies.*

Issuing credit cards

The **CEO** can be issued a card with approval from two members of the *Executive Committee of the Board*. Other employees can be issued a card with approval from the **CEO** and a member of the *Executive Committee of the Board*. The school credit card to be used for business purposes only. Employees who receive a credit card are required to sign a cardholder agreement. Individuals who do not adhere to these policies and procedures risk revocation of their credit card privileges and/or disciplinary action, up to and including termination.

Agency credit cards are issued in the name of the employee and the employee is responsible for:

- Ensuring security of the credit card;
- Restricting use to business purposes; and
- Reviewing all balances on the account.

- 3.3.2 *Policies ensure that only appropriate expenses are reimbursed.*

Proper and improper use of cards

The credit card may be used for authorized travel, administrative, and program-related expenses incurred during the course of conducting business. The credit card is never to be used for personal expenses. Cash advances on credit cards are prohibited.

Procedures regarding pre-approvals for purchases and competitive bidding apply to all credit card purchases over \$5,000. Additionally, cardholders should make every effort to ensure that purchases do not include sales tax.

Transaction limits

The spending limit for each credit card issued must be adhered to, and cardholders must monitor their usage to ensure that spending does not exceed the limit.

3.3.3 All supporting documentation is received prior to payment.

Documentation and recordkeeping requirements

An employee may request use of the credit card and must obtain pre-approval for items over \$5,000. After making the purchase, the employee submits original receipts to the **CFO** within 24 hours of the purchase. The CFO codes expenses to the appropriate projects. The **CFO or A/P Manager** reconciles all receipts to the monthly credit card statement. Any discrepancies are brought to the attention of the **CEO and CFO**.

Periodic review of credit card use

The **CFO** approves all payments to credit card company and in so doing reviews all charges to the cards. The Board of Directors is responsible for ensuring all purchasing policies are adhered to for credit card transactions. The **CFO or A/P Manager** perform a monthly review and reconciliation process that includes the collection of all backup documentation for charges (receipts). Board Treasurer or designated member of the finance committee is provided with a monthly report of credit card activity.

3.3.4. Employees will reimburse GO BPT for non-reimbursable expenses.

Cardholders who use *GO BPT* -issued credit cards improperly will be held liable for any and all unapproved purchases, and because *GO BPT* pays the credit card company directly, employees will reimburse *GO BPT* within 3 days of notification by the **CEO or CFO**.

3.4 PETTY CASH

Policies and Controls

- 3.4.1 Petty cash funds are properly managed and monitored.
- 3.4.2 Petty cash is used to reimburse appropriate expenditures below \$50 when other methods of payment are impractical due to timing or other logistics.
- 3.4.3 *GO BPT* maintains a petty cash fund in a reasonable amount, which is replenished on an as-needed basis.

Agency Procedures to Implement These Policies

- 3.4.1 *Petty cash funds are properly managed and monitored.*

Safeguarding Petty Cash

Petty cash funds are held in a locked cash box and stored in a locked safe or a locked cabinet. The storage area for the cash box is not located in a heavily trafficked area of the office or open to public viewing. Keys to the cash box are stored securely. Access to the keys and safe/cabinet and combinations is restricted to the **COO & CFO**.

Petty Cash accounts are kept on an as-needed basis.

Processing Petty Cash Disbursements

The **COO & A/P Manager** are responsible for coding petty cash disbursements to the appropriate categories in a petty cash log. The **CFO** approves the petty cash log, and the *A/P Manager* posts the expenses to the general ledger for the petty cash account.

Petty Cash Reimbursement

Whenever possible, the employee shall make the purchase with personal funds, with prior approval from a supervisor. The employee will then complete a petty cash reimbursement form (either on paper or electronically), which includes information (1) to whom the funds were disbursed, (2) the reason for the disbursement, and (3) the general ledger account to which the disbursement will be recorded. The employee submits the original receipt (or an electronic copy) to the **COO or CFO**. The **COO/CFO** and the employee must sign the voucher and confirm the receipt of cash.

Petty Cash Advance

On an exception basis, in cases where the employee is not able to make the purchase with his or her own funds, a petty cash advance can be issued. The employee must first secure approval from the appropriate supervisor and then complete a cash advance form. The **COO** will advance no more than \$500 to the employee and hold the Voucher until the purchase has been made. Once the purchase has been made, the employee must submit any appropriate receipts and unspent funds to the **COO**.

Petty Cash and MetroCard Surprise Counts

On a periodic basis, the **CFO, COO or CEO** performs an unannounced audit of the petty cash fund to compare receipts in the box with the petty cash balance. These counts are documented and retained, and any discrepancies are reported to the **CEO** for immediate investigation.

3.4.2 Petty cash is used to reimburse appropriate expenditures below \$200 when other methods of payment are impractical due to timing or other logistics.

Appropriate Use of Petty Cash Funds

Petty cash funds are to be used only for small, unexpected transactions related to office, travel, and program expense. A single petty cash transaction amount may not exceed \$200. Payment for items of a higher value should be made through normal accounts payable processing, or by means of a corporate credit card. Petty cash funds are not to be used to bypass regular accounts payable and purchasing procedures and should only be used on an exception basis.

3.4.3 GO BPT maintains a petty cash fund in a reasonable amount, which is replenished on an imprest basis

Fund Limit

A document containing petty cash account balances, limits and custodians for all accounts will be maintained by the **CFO**. The Petty Cash accounts will be maintained in an amount not to exceed \$600.

Fund Replenishment

To replenish the Petty Cash fund, a petty cash replenishment form is used to summarize all petty cash vouchers, receipts, and replenish the petty cash fund on an as-needed basis.

The **CFO** adds up the receipts for the petty cash used, reconciling the receipts with the amount of cash remaining in the fund. The amount requested for replenishment plus the amount of cash remaining in the fund must always equal the total amount of the petty cash fund. The **A/P Manager** then reviews the count and the **CEO** approves the replenishment request.

Petty cash reimbursement checks are made payable to the petty cash custodian and are not made payable to "cash" or bearer. The **COO** subsequently cashes the check and replenishes the fund. The finance team is mindful of avoiding petty cash and miscellaneous non-explicit accounting.

3.5 EMPLOYEE TRAVEL AND BUSINESS EXPENSE

Policies and Controls

- 3.5.1 All travel and business expenses are pre-approved.
- 3.5.2 Travel and business expenses are kept to a reasonable level.
- 3.5.3 Expense reporting is complete, supported with appropriate documentation, and submitted on a timely basis for proper processing.

Agency Procedures to Implement These Policies

- 3.5.1 *All travel and business expenses are pre-approved.*

Overnight and out of town travel approval

All overnight and out of town travel must be reviewed by the **CEO or COO**. The **CEO's** overnight and out of town travel must be pre-approved by the **COO or CFO**. This authorization is included for school trips involving students.

A request for authorization of overnight travel should include:

- Name(s) and title(s) of employee(s) (and students) traveling;
- Purpose of travel;
- Destination;
- Estimated cost for transportation (plane, train, bus, auto), meals and lodging, and registration fees; and
- Date of departure and date of return.

The appropriate authorization of this request can be obtained via email.

Method of payment

An employee can pay for travel and business expenses via a variety of methods.

- Use of **company credit card** (as applicable), by authorized user only.
- Use **personal funds** and be reimbursed by *GO BPT* after submitting receipts and an approved Expense Reimbursement request.
- A **cash advance** for travel and business expenses may be granted. A cash advance must be approved by the appropriate manager and submitted to Finance. Last minute requests will not automatically be granted and the teacher may have to find a Plan B approach.

- 3.5.2 *Travel and business expenses are kept to a reasonable level.*

Overnight and out of town travel expenses

Overnight and out of town travel will be reimbursed consistent with domestic per diem rates published by the U.S. General Services Administration. Costs incurred by the employee above these published amounts will not be reimbursed by *GO BPT*. Federal per diem rates vary by location. Information on current rates can be found at www.gsa.gov/HP_01Trvl_perdiem.

Local travel

To the extent possible, employees will use public transportation or common carrier for all local travel. Taxis or car services are permitted in some situations (e.g., if there is a safety concern) with appropriate approval.

Only authorized employees may drive their personal vehicles for official business. Employees may be reimbursed at current allowable IRS rates. Driving directions between locations serve as appropriate documentation for mileage reimbursement.

Parking and tolls will be reimbursed upon presentation of receipts. Gas is not reimbursable for employee-owned vehicles; the standard mileage rate assumes gas and normal wear and tear.

Regular commuting expenses are not reimbursable.

3.5.3 Expense reporting is complete, supported with appropriate documentation, and submitted on a timely basis for proper processing.

Completion of an expense reimbursement form

Reasonable travel and business expenses incurred by employees necessary to *GO BPT* operations are reimbursed upon submission of an expense reimbursement form with appropriate supporting documentation. Expense reports must include complete descriptions of expenses, including the date the expense occurred, the activity for which it occurred, and the business purpose fulfilled by the activity. Employee expense reports are to be completed electronically as soon as possible but no later than 10 business days after completion of travel. For the reimbursement to employee expense reimbursement form can be used in lieu of a purchase order form.

Inclusion of appropriate supporting documentation

Receipts supporting travel and business expenses are required for all amounts, except for subway or local bus travel. Original receipts must be sent in according to standard TI protocol via the Expense Reimbursement procedure.

Approval and submission of form

All employee expense reports are reviewed and approved by the *CEO/ COO*. The **CEO/ COO** ensures that expenses are reasonable and in accordance with organization policies, and is responsible for providing the coding information to the Finance Associate expenses to the appropriate general ledger accounts and ensuring appropriate approval has been obtained. The Expense Reimbursement Form is then treated in the same manner as an invoice. All expense reports from the **CEO** are reviewed by the **CFO**.

Travel Advances

On an exception basis, advances may be requested prior to a business trip. Advances must receive proper approval from the appropriate manager and be made in advance of anticipated travel using a cash advance form.

Following the completion of travel, a copy of a cash advance form, receipts documenting purchases made, and unused cash must be returned to the Fiscal office. The **A/P Manager** reconciles the original cash advance with the receipts and cash returned to ensure that all assets are accounted for.

3.6 USE OF CELL PHONES

Policies and Controls

3.6.1 Reimbursement of cell phone service is monitored on an ongoing basis.

Agency Procedures to Implement These Policies

3.6.1 *Reimbursement of cell phone service is monitored on an ongoing basis.*

Cell phone service is provided to authorized employees of *GO BPT* with the approval of the **COO or CEO** for the purpose of conducting legitimate school business. Cell phone holders will be required to sign a cellphone use agreement indicating they accept these terms. Individuals who do not adhere to these policies and procedures risk revocation of their cell phone privileges and/or disciplinary action. Persons who use *GO BPT* issued cell phones improperly will be held liable for any and all unapproved expenses.

Justification of Need

In order to be considered to receive an agency issued cell phone or for reimbursement, the duties required of the position must meet at least one of the criteria defined below:

- On-call duties;
- Major job performance and responsibilities are away from assigned work area;
- Need to be in contact with office or other TI teachers or employees or parents in support of charter school responsibilities;
- Transporting children; or
- Other authorized.

Authorization

The **Office Manager, COO or CEO** is responsible for receiving the approved forms for cellular usage, authorizing the issuance of cell phones to *GO BPT* employees, and maintaining the list of all cell phones and cell phone holders. When a new cell phone is required, the *Office Manager* conveys the necessary information to the **CEO or COO**, who is responsible for establishing cellular service for employees and issuing cell phones to employees. The **COO** is the liaison between *GO BPT* and the cell service provider. The *Office Manager* is responsible for monitoring the usage on a monthly basis.

Appropriate Use

Agency cell phones should be used for legitimate business.

Terms and Conditions

If the employee is approved to receive an agency issued cell phone, the employee must agree to abide by the cell phone policy and the fixed assets policy of *GO BPT*. Employees who are issued agency cell phones will be required to sign a cell phone user agreement indicating agreement to the policy terms and conditions. If the policies are not followed, the employee will be required to return the cell phone to the **COO**. Access privileges may be revoked at any time and for any reason. Abuse of the cell phone policy may result in disciplinary action.

Public Documents

Cell phone statements are public documents and could be disclosed at any time. The Office Manager or **COO** will perform reviews of compliance with cell phone policies and procedures.

Periodic Review

The **A/P Manager** will perform periodic reviews of monthly cell phone bills to ensure compliance with *GO BPT* outlined policies and procedures.

Annual Reporting

GO BPT will conform to all regulations regarding the reporting of employer-provided cell phones or reimbursement of cell phone service as a taxable fringe benefit.

CHAPTER 4. Personnel and Payroll

4.1 PERSONNEL

INTERNAL CONTROL OBJECTIVES

Payroll

- Salary, wage, and benefit expenses are incurred only for work authorized and performed.
- Salaries, wages, and benefits are calculated at the proper rate.
- Salaries, wages, benefits, and related liabilities are recorded correctly as to account, contract or grant agreement, program amount, and period.
- Allocations of payroll costs to functions, programs, contracts, and grants are supported by adequate documentation.
- Employee payroll withholdings and special deductions are based on signed authorizations by employees.

Policies and Controls

- 4.1.1 Personnel files are maintained and stored securely to limit inappropriate access to confidential information.
- 4.1.2 Personnel files include updated information required by local, state, and federal law.

Agency Procedures to Implement These Policies

- 4.1.1 *Personnel files are maintained and stored securely to limit inappropriate access to confidential information.*

The *H/R Specialist* accumulates information and files it in the employee personnel file along with documentation of all employee pay or job status changes. All new hires, promotions, demotions, terminations and changes in salary are supported by a personnel action form.

The personnel file is kept both locked and confidential. Access to personnel files is limited to the **CEO, COO, CFO and H/R Specialist**

- 4.1.2 *Personnel files include updated information required by local, state, and federal law.*

All personnel files include the following:

Offer of employment and job description

Every full-time position at *GO BPT* is supported by an offer of employment which includes both the job title and a description of duties. The offer of employment also reflects an employee's designated reporting relationships as well as his or her salary or wage rate.

Completed and signed W-4 forms

The completed W-4 forms serves as a basis for employee withholding. An employee may amend his/her withholding allowances as needed. Employees are required to file an amended W-4 form to the *H/R Specialist*.

When a W-4 form is received, the *H/R Specialist* must ensure compliance with the withholding instructions in the next payroll cycle. Although not obligated to evaluate an employee's number of exemptions, *GO BPT* has two duties relating to the contents of Form W-4:

- Report excessive allowances. *GO BPT* sends copies of all W-4 forms claiming more than 10 withholding allowances along with *GO BPT's* Form 941 to the IRS.
- Report full exemptions. *GO BPT* is required to send the IRS all claims for full exemptions from withholdings by employees with normal weekly wages of more than \$200.

Because of their importance to both the IRS and to employees, *GO BPT* retains signed original W-4 Forms (no copies), in accordance with its document retention policies. The withholding instructions continue to apply until the employee amends the W-4 form.

Employee classifications

Employee minimum wage and overtime requirements are set by the Fair Labor Standards Act (FLSA) and the State where *GO BPT* operates. Each position is reviewed by the *CEO, COO and CFO* to determine whether it is exempt or not exempt from the provisions of the FLSA.

Employees work authorization

In accordance with the Immigration Reform and Control Act of 1986 (IRCA), between the time *GO BPT* offers employment and the third day after a new employee starts employment, *GO BPT* is required to inspect certain documents (chosen by the employee) proving the employee's identity and authorization to work in the United States and complete INS Form I-9. Failure to properly complete and maintain INS Forms I-9 may carry penalties.

All Form I-9s will be retained in accordance with *GO BPT's* document retention policies.

State of Connecticut requirement to report new hires

Chapter 81 of the Laws of 1995 requires that all employers report to the State of Connecticut Department of Taxation and Finance certain identifying information about each newly hired employee within 15 days of the employee being hired. The purpose of the New Hire Program is to facilitate the accurate and prompt determination of child support obligations so that all children will receive the financial support to which they are entitled. The payroll processing company provides this service for *GO BPT*.

Connecticut Fingerprinting and Background Check Requirements

GO BPT fulfills the Bridgeport requirements for charter schools by ensuring that all staff members who may have contact with children are fingerprinted and have received background checks.

4.2 PAYROLL

Policies and Controls

- 4.2.1 Payroll is processed for work performed.
- 4.2.2 Payroll amounts and deductions are properly calculated, processed, and recorded in the accounting system according to the employee's status as either full time (exempt) or hourly (non-exempt).
- 4.2.3 An individual independent of payroll recording or processing responsibilities distributes paychecks in a timely and confidential manner.
- 4.2.4 Terminated employees are promptly removed from the system to prevent unauthorized or erroneous payroll disbursements.

Agency Procedures to Implement These Policies

4.2.1 *Payroll is processed for work performed.*

Employees who are allocated to only one function but whose offer letter stipulates they receive bonus compensation for "extra" hours worked should use timesheets to report "extra" hours, vacation time, sick time, etc. Loans to employees are not permitted. Salary advances to employees are not permitted.

The **HR Specialist** files the attendance sheet in a binder. Periodically the **CEO, COO or CFO** will review the binder of attendance sheets for accuracy and completeness.

4.2.2 *Payroll amounts and deductions are properly calculated, processed, and recorded in the accounting system.*

Processing of all payroll updates

The HR Specialist initiating the personnel change communicates new hires, pay increases and decreases, and terminations immediately upon status change of an hourly or salaried employee via a personnel action form to the **HR Specialist**. The **CEO/COO** approve and the **CFO** updates the change in the payroll master file at least 3 days prior to the end of the pay period for processing in the current pay period. Any change to the payroll via personnel action form is reviewed and signed off by the **COO and CFO**.

Calculating gross pay

Full time annual gross salary information is provided by the **HR Specialist** and paycheck calculated by the payroll processing firm. For employees who are paid based on the number hours and/or days worked from the approved and submitted time records using the most recent approved pay rate for that employee.

Payment of overtime

All state and federal laws and regulations are followed when calculating pay for overtime worked by hourly employees. **HR Specialist** takes overtime hours worked by hourly employees into account while processing the payroll.

Salary allocations

GO BPT may allocate employees' time on the basis of program or department assignments. Salaries and wages are then allocated by functional area (program, administration, and fundraising). These allocations are determined by the **CEO** on an as needed basis. Payroll is posted to the general ledger to reflect these allocations.

Processing deductions

To accurately compute an employee's net pay, *GO BPT* accumulates the nature and amount of any other payroll deductions, such as for retirement plans, insurance, or loan repayments. Original documents supporting the authorization of each deduction are maintained in the employee's personnel file. The Fair Labor Standards Act (FLSA) requires payroll records to clearly show the date, amount, and description of deductions from wages.

Processing payroll

Payroll is processed by the **HR Specialist** on a bi-weekly basis using a payroll processing company. The payroll processing company calculates gross pay and all withholdings, prints paychecks including pay vouchers for direct deposit, transmits payroll taxes and produces quarterly and annual payroll tax returns. The payroll processing company provides a payroll system that is reviewed and implemented by the CFO for accuracy and completeness.

If the payroll is processed by the **HR Specialist**, the **COO & CFO** review and authorize the payroll before submission. **COO & CFO** also oversee the checks / direct deposits paystubs to the *HR Specialist* for distribution to employees and the payroll reports package to the *CFO*.

If the payroll is processed by the **CEO**, either *Treasurer* or **CFO** will review and authorize the payroll before submission. **CEO** or **COO** also oversee the checks / direct deposits paystubs to the **HR Specialist** for distribution to employees and the payroll reports package to the **CFO** and/or *Treasurer*.

Recording payroll into the general ledger

Based on the payroll processing company records, the **CFO** records the payroll into the general ledger for each pay cycle. The payroll reports are secured with the payroll files.

Reconciliation of the payroll accounts

On a monthly basis, the *HR Specialist* reconciles deductions made from employees to the payments made to insurers, benefit plan providers, and other payees.

On a quarterly basis, the **CFO** performs a reconciliation of all salary accounts in the general ledger, as compared to the salary reported by the payroll processing company on the Quarterly Payroll Return (IRS Form 941). Any variances are researched and cleared in a timely manner. Payroll reconciliations are further researched by the **CFO**.

On an annual calendar basis, the **CFO** or **HR Specialist** also performs a reconciliation of the following:

- Gross salaries per all Form 941
- Gross salaries per W-2 forms
- Gross salaries per General Ledger
- Variances

4.2.3 An individual independent of payroll recording or processing responsibilities distributes paychecks in a timely and confidential manner.

Distribution of paychecks

All payroll checks (non-direct and direct deposit) are distributed to the employees by the *HR Specialist*.

4.2.4 Terminated employees are promptly removed from the system to prevent unauthorized or erroneous payroll disbursements.

Upon termination of an hourly or salaried employee, the supervisor communicates the termination to the **HR Specialist or COO** via a personnel action form. The **CEO/COO** approves the personnel action form, which is then delivered to the Finance Associate for timely status change in the payroll master file. A original personnel action form is filed in the employees' personnel file and a copy is filed in the employee's payroll file.

The **HR Specialist** ensures that terminated employees and those who have resigned are removed from the payroll immediately after their final paycheck has been processed. The **HR Specialist** processes the change for the last payroll check based on the date of termination.

4.3 INDEPENDENT CONTRACTORS AND CONSULTANTS

Policies and Controls

- 4.3.1 Prior to entering into a consultant agreement, *GO BPT* must determine that the relationship meets the criteria outlined by the Internal Revenue Service for consulting relationships.
- 4.3.2 Each consulting arrangement is supported by a consultant agreement and appropriate documentation of services received prior to payment.
- 4.3.3 Each consulting arrangement is reviewed and documented to ensure that the consultant qualifies for consultant status and not for classification as an employee.
- 4.3.4 Consultants must follow *GO BPT* purchasing policies and procedures.

Agency Procedures to Implement These Policies

- 4.3.1 *Prior to entering into a consultant agreement, GO BPT must determine that the relationship meets the criteria outlined by the Internal Revenue Service for consulting relationships.*

Reclassification as an employee by the Internal Revenue Service can trigger additional payroll taxes and potential penalties to *GO BPT*. The traditional tests to determine whether a worker is an employee or independent contractor involve the concept of control. Are the services of the worker subject to the employer's will and control over what must be done and how it must be done? Facts that provide evidence of the degree of control and independence fall into three categories: *behavioral control, financial control, and the type of relationship of the parties.*

The table in Appendix B summarizes these factors. *GO BPT's COO* uses this table to begin his or her analysis of the independence of the contractor.⁸

- 4.3.2 *Each consulting arrangement is supported by a consultant agreement and appropriate documentation of services received prior to payment.*

Consulting agreements

Certain professional services, due to their nature, are not subject to the competitive bidding process (see Chapter 3.1). However, any purchase or contract that costs \$5,000 or more must be approved by Board of Directors.

Every consulting arrangement must be supported by a consultant agreement and a completed W-9 prior to payment.

Payment for services rendered

In order to be paid, consultants must present an invoice indicating deliverables, hours worked, and dates of service covered by the invoice presented. The invoice must be approved by the person in charge of the engagement in addition to any other approvals required by the check approval process.

- 4.3.3 *Each consulting arrangement is reviewed & documented to ensure that the consultant qualifies for consultant status and not for classification as an employee.*

⁸ As recommended by the Office of the State Comptroller.

Determination of consultant status

Prior to entering into a consulting arrangement, *GO BPT's* **CEO** will determine that the arrangement meets the criteria outlined by the Internal Revenue Service for independent contractors. Reclassification as an employee by the IRS can trigger additional payroll taxes and potential penalties to the agency.

Specific guidance and examples from the IRS may be found in the Employer's Supplemental Tax Guide, Publication 15-A, found on the internet at <http://www.irs.gov>.

The **CFO** or Board Treasurer will review all consulting agreements.

Documenting consultant status

The consulting agreements are annually reviewed to ensure that the contents are in accordance with current Internal Revenue Service guidelines for consulting relationships.

The **COO or CFO** maintains a file of consulting agreements and supporting documentation. All consulting arrangements are documented in a written agreement stating the following:

- Name, address and tax identification number/Social security number of the consultant (Form W-9);
- Dates covered by the agreement;
- Services to be performed or work product to be delivered;
- Time frame for completion of the deliverables;
- *GO BPT* staff person in charge of the engagement;
- Dollar amount of the agreement, including additional expenses (if any) for which the consultant is to be reimbursed;
- Contract termination clause;
- Confidentiality statement; and
- Other special arrangements.

4.3.4 Consultants must follow GO BPT purchasing policies and procedures.

Consultants making purchases of supplies, equipment or other items on behalf of *GO BPT* must comply in full with *GO BPT's* purchasing policies and procedures outlined in Chapter 3 of this manual.

The consultant must sign and adhere to *GO BPT's* consultant contract agreement and abide by *GO BPT's* purchasing policies. The consultant must obtain the appropriate approval for all purchases and secure documentation for each item purchased, detailing the item's description, cost, quantity, seller, and date of purchase.

CHAPTER 5. Grants and Contracts Management

Policies and Controls

- 5.1.1 Government funding is appropriately and accurately managed, secured, allocated and reported on to funding source.
- 5.1.2 Grants and contracts are managed to minimize agency risk and maintain fiscal integrity.

Agency Procedures to Implement These Policies

- 5.1.1 *Government funding is appropriately identified, secured, managed, and maintained.*

The **CEO or COO** will coordinate the preparation and submission of proposals with other applicable staff. The **CEO/COO/CFO** will prepare the RFP budget based on the direct and indirect costs for the program for which funding is being requested. The **CEO, COO or CFO** and other staff will identify funding opportunities. The **CEO** will notify the **CFO** and relevant staff when grants are received, the timeframe and purposes of the grant, and the reporting requirements.

The **CFO** supports any and all proposal writers in developing the budgets for these proposals. Prior to its submission, the **CEO** approves the budget.

- 5.1.2 *Grants and Contracts are managed to minimize GO BPT's risk and maintain fiscal integrity.*

Contracts Management

Once *GO BPT* has been awarded a grant or contract, a centralized file is created for the contract documents in the Fiscal Department.

The **CEO** and **COO** are authorized signatories for school contracts. Board member signatories (i.e. Board Chair, Board Treasurer) are required to execute contracts valued over \$5,000.

The **CFO** and the **A/P Manager** develop internal management reporting tools such as a schedule of reporting deadlines, prepare and submit vouchers, monitor fiscal and program reporting compliance, respond to grantor inquiries, monitor budgeted to actual expenses and provide relevant staff with regular fiscal reports for program management purposes. They also work with relevant staff to prepare and submit budget modifications when necessary.

Allowable Expenses

GO BPT acknowledges that certain costs are not allowable by government funding sources. Each contract contains information regarding allowable and unallowable expenses that must be adhered to in order to remain in compliance. The **COO or CFO** will maintain each contract and provide ongoing information pertaining to allowable and disallowable expenses.

Allowable costs for federally funded programs must meet the following criteria:

- Be reasonable for the performance of the award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
- Be accorded consistent treatment.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

Unallowable direct costs may include:

- Alcoholic beverages
- Entertainment
- Goods or services for personal use
- Staff housing and personal living expenses
- Interest, fund raising, and investment management costs
- Lobbying
- Memberships, subscriptions, and professional activity costs
- Recruiting costs
- Severance pay
- Training and education costs

The chart below is a summary of grant/contract management roles and responsibilities.

	CEO	COO	CFO	Grant Writer Consultant
Contract Planning				
Identify government funding opportunities	X	X	X	X
Receives and reviews RFP	X			X
Prepare proposal				X
Prepares budget for RFP	X	X	X	X
Approves budget prior to submission	X			
Assembles and submits proposal		X		X
Contract Formation				
Receives award notification	X			
Post award assessment		X		

Completes follow-up docs for funder				X
Signs and accepts award	X			
Receives executed contract	X			
Conducts contract orientation		X	X	X
Contract Management				
Maintains organization-wide cost allocation plan			X	
Creates and maintains contract file				X
Creates and distributes contract management plan		X		
Communicates different contract requirements to Staff (via email/memo)		X		
Enters budget into accounting system			X	
Assigns accounting codes to invoices and allocates expenses		X		
Produces monthly expense reports			X	
Prepares and submits voucher to funder			X	X
Responds to funder inquiries				X
Resolves disallowances				X
Monitors funder payments			X	
Follows up on aged receivables		X		
Determines need for budget modification	X	X	X	X
Prepares budget modification		X	X	X
Submits budget mod. to funder				X
Monitor fiscal compliance		X		
Manages fiscal audits			X	
Monitor program compliance	X			
Manages program audits	X			
Conduct quarterly review meetings (as needed)		X		
Evaluate contract performance		X		
Submit renewal application		X		

CHAPTER 6. Reporting, General Ledger and Financial Statements

6.1 BUDGETING

Policies and Controls

- 6.1.1 A budget is produced on an annual basis and approved by the Board of Directors prior to the start of the new fiscal year. During the year, any significant increases or decreases to the budget are approved.
- 6.1.2 Bank accounts are reconciled on a monthly basis and reconciliations are appropriately approved.

Agency Procedures to Implement These Policies

GO BPT developed a five-year budget plan as part of the application process when GO BPT received its charter. On each subsequent renewal of its charter, GO BPT develops a new five year budget.

Budgeting Planning Evaluation by CSDE

GO BPT's budgeting and long range planning is reviewed periodically by its authorizer and reviewed in detail when GO BPT comes up for renewal of its charter.

- 6.1.1 *A budget is produced on an annual basis and approved by the Board of Directors. Any significant increases or decreases to the budget are approved.*

Annual Budget development process

Planning for the next fiscal year begins no later than the close of the third quarter of the current fiscal year. The **CEO** initiates the budget development process and collaborates with the **Chief Operating Officer, Chief Financial Officer and other school leaders** to produce an initial draft budget reflecting intended plans for the following year.

Approval of the budget

The draft budget is submitted to the *Finance Committee* for review and comment.

The *Finance Committee* reviews and approves the budget prior to the June Board meeting. The full Board of Directors reviews and approves the budget at or before its June meeting.

Budget monitoring and reporting

The Board-approved budget is entered into the accounting system by the *Finance Associate*. On a monthly basis, the **Chief Operating Officer** produces the budget comparison reports reflecting variances between budget and actual revenues and expenses by program. The CEO & and **COO** meet monthly to discuss any major variances within the budget comparison reports.

Budget modification

If there are significant material changes in the organization's financial projections, the **Chief Financial Officer**, in consultation with **CEO & COO**, proposes changes to the operating budget and submits them to the *Finance Committee* for review. Budget modifications are approved by the *Board of Directors*.

6.1.2 Bank accounts are reconciled on a monthly basis and reconciliations and then presented to a designated member of the Finance Committee for their review and signature.

Bank reconciliations

All bank statements are reviewed by the **Chief Financial Officer** for unusual activity. The **Finance team** reconciles the bank statements to the accounting records. This review includes:

- Comparison of canceled checks with the disbursement journal as to number, date, payee and amount;
- Accounting for the sequence of checks;
- Examination of canceled checks for authorized signatures, irregular endorsements or alterations; and
- Review of voided checks.

Bank reconciliations are performed monthly in order to best compare bank balances to balances in the general ledger cash accounts. Any discrepancies or unusual items or exceptions are investigated and resolved by the **CFO** and communicated to the **CEO**. The **CFO** ensures that any voided checks are accounted for in the check register.⁹

Bank and credit card statements, together with bank and credit card reconciliations, are reviewed monthly by a designated member of the Board's Finance Committee within 30 days of the statement date. Additionally, the designated Board member will sign and date the reviewed documents.

⁹As recommended by the Office of the State Comptroller.

6.2 MONTHLY CLOSE AND FINANCIAL REPORTING

Policies and Controls

- 6.2.1 *GO BPT* performs a monthly, quarterly, and annual closing process of the accounting records on a timely basis.
- 6.2.2 Financial reports are provided by the **Chief Financial Officer to the CEO, COO** and the Board of Trustees on a timely basis to facilitate effective monitoring and oversight.

Agency Procedures to Implement These Policies

- 6.2.1 *GO BPT* performs a monthly, quarterly, and annual closing process of the accounting records on a timely basis.

Monthly close process

GO BPT completes its preliminary monthly accounting close by the third week of the month for the previous month. The **CFO** conducts this process. During the closing process, all bank reconciliations are completed, and appropriate month-end adjustments are recorded. These include:

- Confirming that all control accounts agree to the subsidiary ledgers;
- Recording standard general journal entries;
- Reconciling payroll records and the related taxes (quarterly);
- Reconciling bank statements, general ledger accounts, and the trial balance;
- Printing and reviewing the cumulative general ledger, trial balance, revenue and expense accounts;
- Analyzing and investigating any discrepancies or significant variances; and
- Recording all accruals including grant revenues, receivables, and accounts payables.

- 6.2.2 *Financial reports are provided to school leadership, the Board of Trustees and regulating agencies on a timely basis to facilitate effective monitoring and oversight.*

Financial reports for management

The monthly closing process generates the following reports:

- Statement of Financial Position (“Balance Sheet”)
- Accounts Receivable Aging
- Accounts Payable Aging
- Budget versus Actual Comparison Report including revenues & expenses on an organization-wide basis for the latest month end to current fiscal year with variances;
- Any necessary grant specific Budget versus Actual Comparison Reports.

These reports provide the basis for the **CFO** to perform certain account analysis in areas where variances seem inappropriate or where additional information is needed. Upon completion of these account analyses and recording of additional adjustments as deemed necessary, the final month-end closing package is prepared and circulated to the **CEO & COO**, who receive all reports listed above, after revisions.

Financial reports for the Board of Directors

On a monthly basis, the **Chief Financial Officer** circulates the following information to the *Finance Committee/Board of Directors* prior to the board meeting:

- Statement of Financial Position;
- Budget versus Actual Comparison Report including revenues and expenses for the last month end to current fiscal year amounts, incorporating a variance analysis explaining variances in excess of 10% from the actual to the originally approved budget;
- 6-12 month cash flow, updated to current month, highlighting any periods of difficult cash flows; and
- Fundraising status update indicating the status of *GO BPT's* fundraising efforts and open proposals.

Financial Reporting Policies of charter school regulating agencies:

GO BPT complies with all financial reporting requirements of the state and city agencies responsible for providing oversight for charter schools.

GO BPT provides its charter authorizer with required financial reports on time, and such reports are complete and follow generally accepted accounting principles.

The following reports are filed with its charter authorizer and other regulating agencies in a timely, accurate and complete manner:

- Annual financial statement of audit reports, including federal Single Audit (A-133) if applicable.
- Annual budgets and cash flow statements
- Un-audited quarterly reports of income and expense
- Bi-monthly enrollment reports to the district and State Education Department
- Grant expenditure reports

CSDE requires the school to report the budget v/s actual amounts for various revenue and expenditure items. Subsequent to the end of the fiscal year, the **CFO** utilizes the Accounting System to prepare the Financial Statements in accordance with GAAP. The Financial Statements prepared include: Statement of Financial Position, Statement of Financial Activities, Statement of Cash Flows. In addition to these reports, management utilizes its Accounting System to generate the lead-sheets and other supporting documentation for the Statement of Functional Expenses and other necessary information required for footnotes for the unaudited Financial Statements.

6.3 DOCUMENT RETENTION POLICY

Policies and Controls

- 6.3.1 Records will be maintained for the periods sufficient to satisfy IRS regulations, federal grant requirements, if applicable, and other legal needs as may be determined.
- 6.3.2 Record retention requirements are reviewed annually with the Board and independent auditors to determine any necessary changes.

Agency Procedures to Implement These Policies

- 6.3.1 *Records will be maintained for the periods sufficient to satisfy IRS regulations, federal grant requirements, if applicable, and other legal needs as may be determined.*

Record retention

GO BPT's records are retained in compliance with government, legal, and funders' requirements. When there is a conflict between federal, state and local record retention requirements, the longer retention period prevails. Certain important records, as determined by the Board, will be retained permanently, even if their retention is not required by the law.

E-mail retention

It is the user's responsibility to appropriately classify and save the necessary e-mail messages. Is this adequate?

Record destruction

Once the retention period has expired, GO BPT destroys the records in a manner that preserves the confidentiality of its contents. The Board of Directors approves all destruction of records prior to commencement. Record destruction is performed under the direction of the COO who is responsible for maintaining the record disposal log, which lists all records that were destroyed.

Upon receipt of any legal notice, all record destruction will cease until the end of the investigation.

- 6.3.2 *Record retention requirements are reviewed annually with the Board and independent auditors to determine any necessary changes.*

Review of policy

Record retention requirements are reviewed annually with the Board and independent auditors to determine any necessary changes.

Type of Document	How Long to Retain
Accounting	
Accounts payable ledgers	7 years
Accounts receivable ledgers	7 years

Annual reports	Indefinitely
Annuity gift agreements	Indefinitely
Audited financial statements	Indefinitely
Bank deposit records	3 years
Bank reconciliations	7 years
Bank statements	7 years
Canceled checks (ordinary)	7 years
Canceled checks (taxes, property and important payments)	Indefinitely
Contributions/donations/grants (unrestricted)	7 years
Contributions/donations/grants (temporarily restricted)	Indefinitely
Contributions/donations/grants (perm. restricted/endowment)	Indefinitely
Expense analyses/distribution schedules	7 years
Fixed asset records, appraisals, depreciation schedules	Indefinitely
Internal audit reports	3 years
Invoices (to customers/from vendors)	7 years
Life income agreements	Indefinitely
Physical inventory records	7 years
Purchase orders	3 years
Requisitions	7 years
Shipping and receiving reports	3 years
Subsidiary ledgers	7 years
Tax returns (IRS form 990) and worksheets	Indefinitely
Uncollectable accounts and write-offs	7 years
Vouchers for payment to vendors, employees and others	7 years
Withholding tax statements (W4's)	4 years

Corporate	
Charters, constitutions, bylaws	Indefinitely
Contracts, mortgages, notes and leases (expired)	7 years
Contracts still in effect	Indefinitely
Deeds, mortgages, bills of sale	Indefinitely
Incorporation records, 501(c)(3) determination	Indefinitely
Labor contracts	Indefinitely
Loan documents, notes	Indefinitely
Licenses	Indefinitely
Minutes from board meetings	Indefinitely
Patents and related papers	Indefinitely
Trademark registrations and copyrights	Indefinitely
Personnel	
Garnishments	7 years
I-9	Later of 3 years from date of hire or 1 year from date of termination
Payroll records and summaries	7 years
Personnel files (after termination)	7 years
Retirement and pension records	Indefinitely
Time sheets	7 years after termination
Insurance	
Accident reports and claims	Indefinitely
Fire inspection reports	6 years
Group disability reports	7 years
Insurance records (expired contracts)	7 years

OSHA logs	8 years
Worker's compensation documentation	Indefinitely
<i>Correspondence</i>	
Correspondence (general)	3 years
Correspondence (legal and important matters)	Indefinitely
<i>Electronic Documents</i>	
Email	See employee manual / appropriate per user
Records on servers, individual computers and diskettes	Reviewed annually

CHAPTER 7. Assets and Liabilities

7.1 CAPITAL ASSETS

INTERNAL CONTROL OBJECTIVES

Fixed Assets

- Capital assets are purchased only with proper authorization.
- Capital asset purchases are recorded correctly as to account, net asset classification amount, and period.
- Disposals, retirements, trade-ins, and write-offs are identified promptly and recorded correctly as to account, amount, and period.
- Capital assets are adequately safeguarded and insured.
- Depreciation is calculated correctly using proper lives and methods and is recorded in a timely manner.

Inventories

- Inventories are purchased only with proper authorization.
- Inventories received are recorded correctly as to account, amount, and period.
- Inventories are adequately safeguarded.
- Inventory balances recorded in the accounting records are evaluated periodically by comparison with actual quantities on hand (i.e., physical inventory).
- Costs are assigned to inventories in accordance with the stated valuation method.
- Carrying values of inventories are periodically compared to net realizable value and appropriate adjustments are made.

Policies & Controls

- 7.1.1 Written requests for the purchase of capital assets are supported by sufficient operational and financial justification and are appropriately approved.
- 7.1.2 All fixed assets are properly identified, tagged, tracked, and inventoried on an annual basis.
- 7.1.3. Only leases and purchases that materially add to the value of the property and prolong the useful life are deemed to be capital assets.
- 7.1.4 Depreciable and non-depreciable fixed assets are appropriately recorded and depreciated.
- 7.1.5 Disposals of capital assets are properly authorized and recorded.
- 7.1.6 Valuable assets will be stored in a secured location with limited employee access.

Agency Procedures to Implement These Policies

7.1.1 Written requests for the purchase of capital assets are supported by sufficient operational and financial justification and are appropriately approved.

Capital budget

When applicable, *GO BPT* prepares a capital budget as part of the annual budget process, which represents a long-term capital requirements analysis. The Board approves the capital budget.

Asset purchase

Capital assets are purchased in accordance with *GO BPT's* purchasing policies.

7.1.2 All fixed assets are properly identified, tagged, tracked, and inventoried on an annual basis.

Identification of capital assets

Acquisitions which add to the value of the property and prolong the useful life are deemed to be capital assets. Any item purchased by *GO BPT* with total cost (purchase price plus cost to install and bring the item to its working condition) over \$ 2,500 would be capitalized. The **CEO** or **COO** authorize the capitalization of the item by indicating that the item is a "Capital Asset" on the check request form. **COO** can use their professional judgment to the \$2,500 limit when various items are bought as a group during the exception to this rule can be used individual Capital assets are categorized into one of the following categories:

- Land;
- Buildings and building improvements;
- Furniture, fixtures, and office equipment (includes desks, chairs, file cabinets and copiers, telephone, etc.);
- Leasehold improvements (includes replacing floors, roofing, etc. in a leased building);
- Computer equipment (includes computers, printers, etc.);
- Construction in progress (includes work on a building that is not complete);
- Automobiles and transportation equipment; and
- Equipment leased under terms that meet criteria for capital leases.

Tagging and tracking of capital assets

Detailed fixed asset ledgers are maintained for each of the capital asset categories. All capital assets are tagged with unique identifying numbers and entered into the fixed asset ledger. This is performed by Office Managers / School Aides under supervision of **COO**. The tags are numerically sequenced and placed on a visible area of the asset in order to provide a clear method of tracing the asset to the fixed asset ledger. The following information is tracked:

- Description of the asset
- General ledger and
- Acquisition date;

Inventory process

On an annual basis, *GO BPT* takes a physical inventory of all assets to ensure the completeness and accuracy of the agency's records. All assets are examined to determine that they are currently in use, and results of the examinations are recorded with sufficient detail to identify the items inventoried.¹⁰

The inventory of the assets on hand is compared to the fixed asset ledger. All differences are analyzed and resolved by the **CFO** and reviewed by the **COO**. Adjustments to the agency's records can be made only after appropriate approval has been received.

A record of lost, obsolete, damaged and unaccounted for inventory items should be reviewed and approved. Those items which are authorized to be removed from the records should be removed by the **COO and CFO**.¹¹

If equipment is stolen, it should be written off of the current inventory record. The circumstances concerning the theft and the measures taken to recover the missing equipment should be documented and retained for audit purposes.¹²

7.1.3. Only leases and purchases that materially add to the value of the property and prolong the useful life are deemed to be capital assets.

Lease-versus-purchase decision

Property, plant, and equipment may be obtained through long-term leases as an alternative to outright purchase. The purchase-versus-lease decision is incorporated into the annual capital budget. Decisions are made based on the net cost of the asset, taking into consideration cash flow as well as type of asset being acquired.

Requirements for capitalization

If a lease meets certain requirements, it is capitalized, with an offsetting capital lease obligation. A lease meets the requirements of a capital lease if it is non-cancelable and has at least one of the following characteristic:

- It passes title to the lessee (*GO BPT*);
- It contains a bargain purchase option;
- The lease term is at least 75% of the asset's estimated life; and
- The present value of the minimum lease payments equals 90% of the asset's fair value.

Operating lease payments are deemed to be equipment rental expense. A determination that the lease is classified as a capital lease should be made prior to the beginning of the lease term. The capital lease is recorded as an asset and a liability for an amount equal to the total minimum lease payments, and should be amortized over either the estimated useful life or the lease term depending on details of the lease transaction.

¹⁰ As recommended by the Office of the State Comptroller.

¹¹ As recommended by the Office of the State Comptroller.

¹² As recommended by the Office of the State Comptroller.

Expense versus capitalization of expenditures

Repair and maintenance expenditures are distinguished from expenditures for improvements, additions, renovations, alterations, and replacements. *GO BPT* follows the following guidelines in classifying these expenditures:

Repair and maintenance expenditures do not materially add to the value or extend the useful life of the property. Examples of repair expenses:

- Replacing broken glass;
- Painting and decorating the facility;
- Resurfacing a parking lot;
- Making temporary repairs to last less than one year; and
- Making minor repairs to fully depreciated assets.

Expenditures that increase the value of property, extend its life, or adapt it to a new or different use are capital expenditures. Significant improvements to property leased by the agency, including improvements that add value to the leasehold, are also capitalized.

If the useful life of the asset has been significantly extended, the remaining book value (original cost less depreciation) and the improvement costs are depreciated over the new life. Examples of repair expenditures that are capital expenditures:

- Replacing a roof, thereby substantially prolonging its life;
- Reconditioning equipment or machinery, thereby extending its life;
- Installing a new boiler system;
- Structural changes or alterations to organization-owned buildings, which become a part of the building and increase its life or value; and
- Significant improvements to property leased by the organization, improvements that add value to the leasehold (e.g., permanent office partitions).

Assets purchased with government funds

Assets purchased with government funds are tracked and monitored in the manner outlined above. However, on an interim basis, these acquisitions are expensed, as part of the program costs reportable under the grant. At the end of the year, the full cost is capitalized and depreciated over the assigned asset life, in accordance with generally accepted accounting principles.

If ownership can revert back to the government funding agency, these asset purchases are expensed in the year incurred as "non-capitalizable equipment" in the Statement of Functional Expenses.

7.1.4 Depreciable and non-depreciable fixed assets are appropriately recorded and depreciated.

Basis for cost

Depreciable assets are carried in the accounting records at the original net acquisition cost. Acquisition costs include the invoice price plus all expenses incurred to prepare the asset for operations, including such costs as preliminary engineering studies and surveys, legal fees to establish title, installation costs, freight, and labor and material used in construction or installation. Non-depreciable capital assets (e.g., land) are carried in the records at the original net cost.

Capitalization of a construction project

Expenditures such as those for materials, labor, engineering, supervision, salaries and expenses, legal expenses, insurance, overhead, and interest are capitalized as “construction-in-progress” until the project is completed and placed in service. No depreciation is taken on construction-in-progress.

Upon completion of construction and placement in service, the asset is removed from construction-in-progress and entered into the detailed fixed asset ledger under the appropriate classification.

Depreciation on the asset begins on the date the asset is placed in service.

Determination of useful life

The useful life is estimated when a capital asset is acquired. The useful life may be expressed in terms of time, units of production, or hours of service. The cost of an asset is allocated over the useful life via depreciation or depletion. When there is an indefinite useful life, such as that for land, no depreciation is taken.

If there is a significant change in the estimate of the remaining useful life after the asset is placed into service, the remaining cost to be depreciated is spread over the revised remaining life.

The **CFO** assigns the estimated useful life as part of the overall asset acquisition approval process.

Depreciation method

Depreciation of property and equipment over the estimated useful lives of the assets is calculated using the straight-line or accelerated method.

Circumstances when it may be appropriate to accelerate or decelerate depreciation charges for the current and future periods include:

- A significant change in the estimated useful life; or
- A change in the estimated salvage value.

The estimated useful lives of the various asset categories at *GO BPT* are as follows:

Description	Years	Method
Property and Plant	39	Straight Line
Furniture & Fixtures	7 years	Straight Line
Office Equipment	5 years	Straight Line
Computer Equipment	3 years	Straight Line
Automobiles	5 years	Straight Line
Capital Leases	Either lease term or estimated useful life	
Leasehold Improvements	Shorter of estimated useful life or lease term under GAAP	Straight Line

As an alternative to prorating the depreciation in the year of acquisition or disposal, the agency takes one half year of depreciation in both the years of acquisition and disposal.

7.1.5 Disposals of capital assets are properly authorized and recorded.

Authorization of disposal

Control over the disposition of property is maintained not only to preserve the accuracy of the records but also to ensure that assets are safeguarded, improper disposal is prevented, and the best possible terms are received for disposal.

Disposal of capital assets occurs only after proper authorization has been given by the **CEO** or *Director of Operations* and funding agency, if applicable.

The following procedures apply to the retirement and disposal of *GO BPT* company assets:

- An asset disposal form is completed for all disposals.
- The asset disposal form is reviewed and approved by a responsible employee who is knowledgeable of but not directly responsible for the asset, with ultimate approval by the *Director of Operations*.
- No item of property, plant, or equipment is removed from the premises without a properly approved asset disposal form.

Recording disposal

Once the retirement or sale has been properly approved and documented, the following procedures apply to the recording of the transaction:

- The cost is removed from the appropriate asset account.
- The related accumulated depreciation, including depreciation to date of disposal, is removed from the allowance for depreciation account. The profit or loss, adjusted for the cost of removal, is recorded as an income (gain) or expense (loss)
- When the disposal is a trade-in of a similar asset, the acquired asset is recorded at the book value of the trade-in asset plus any additional cash paid. In no instance should such cost exceed the fair market value for the new asset.

All disposals are recorded in the fixed assets ledger on a timely basis.

Fully depreciated assets

Fully depreciated assets remain in the fixed asset ledger with the related accumulated depreciation as long as the property is still in use to ensure accurate tracking and safeguarding of assets.

*7.1.6 Valuable assets will be stored in a secured location with limited employee access.*¹³

Valuable assets, including laptop computers and other costly items, will be stored in a secured location with limited employee access. All laptop computers will be tagged with a unique identifier and locked. Employees are prohibited from removing equipment off of *GO BPT* premises without approval from the **CEO & COO**. Moreover, *GO BPT* controls access to school buildings by issuing keys to limited personnel, and employees are prohibited from using school buildings for personal use.

13 As recommended by the Office of the State Comptroller.

Key issuance records are maintained by the fiscal office, and *GO BPT* conducts periodic building security surveys to ensure a secure environment.

7.2 INVESTMENTS

***Currently GO BPT has not invested any excess funds into investments but rather maintained all amounts in cash and cash equivalent type accounts with banks. When GO BPT invests the assets, the following policy will become active.*

Policies & Controls

7.2.1 The purchase and sale of investments are properly approved, recorded, and reported.

7.2.2 Investment statements are properly reconciled to the supporting books and records on a periodic basis.

The Board has a responsibility to safeguard *GO BPT's* assets, and to ensure that funds are used to further the organization's goals. In addition, the Board must ensure that donor designations are honored, and that cash and other investments are managed wisely. Whether assets belong in restricted, temporarily restricted or unrestricted funds, these assets should be invested wisely.

GO BPT's Board, acting through the Finance committee, adopts and annually reviews investment policies and procedures that address basic investment policies and guidelines, assignment of fiduciary responsibility, due diligence and oversight of investment managers, and reporting procedures.

Basic policies and guidelines

The investment policy specifies:

- The Board's investment risk tolerance;
- *GO BPT's* investment goals with regard to meeting return targets;
- Overall investment guidelines, including, for example, prohibitions on certain classes of securities;
- *GO BPT's* asset pools and the level of funds to be allocated to each pool; and
- The target asset allocation, including reasonable ranges within which portfolio allocations may vary.

Guidelines are reviewed and updated annually (and whenever significant market events or changes in school strategy occur).

GO BPT's Investment Objectives

GO BPT's investment objectives are to achieve long-term real rate of return growth net of its strategic spending policy expectations, net of inflation, and provide a ready source of capital without subjecting *GO BPT* to large investment losses that could erode the ability of *GO BPT* to meet future long-term financial commitments. The following goals, consistent with the above-described purposes, are adopted:

The primary goal of *GO BPT*'s investment assets is to achieve long-term real rate of return growth to provide a ready source of capital to meet the needs of *GO BPT*. This will be accomplished through a carefully planned and executed long-term investment program.

Investments will be managed on a total return basis. While *GO BPT* recognizes the importance of the preservation of capital, they also adhere to the principle that varying degrees of investment risk are generally rewarded with concomitant returns over the long-term

The total portfolio over the long term will be expected to:

- Produce a total long-term real (above inflation) return of 5% (annualized, net of fees, over a full market cycle), and
- Exceed a weighted benchmark return based upon policy asset allocation targets and standard index returns over rolling five-year periods. *GO BPT* realizes that market performance varies and that a 5% real rate of return may not be meaningful in some periods.

GO BPT acknowledges that to earn a long-term real return of 5% prudent risk-taking is essential within the context of overall portfolio diversification to meet this goal. Investment strategies are considered primarily in light of their impact on total portfolio assets subject to any applicable restrictions set forth in the Socially Responsible Investing guidelines, and shall at times comply with applicable state and federal regulations and "prudent person" standards.

GO BPT has a long-term investment horizon, and utilizes an asset allocation, which encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of investment performance.

7.3 INSURANCE

Policies & Controls

- 7.3.1 Insurance coverage is maintained in adequate amounts to support *GO BPT's* operation and protect the employees and Board members in carrying out the organization's exempt purpose.
- 7.3.2 Coverage is maintained at levels recommended by the **COO** and approved by the Board of Directors but at no less than the amounts stipulated in funding agreements.

Agency Procedures to Implement These Policies

- 7.3.1 *Insurance coverage is maintained in adequate amounts to support GO BPT's operation and protect the employees and Board members in carrying out the organization's exempt purpose.*

Areas of coverage

Annually, the **COO and the CEO** review with the Finance Committee the need for the following types of insurance coverage based on exposure of the organization to risk:

- Director and Officers liability;
- General liability;
- Business travel;
- Fire/theft;
- Employee dishonesty;
- Hired and non-owned auto;
- Professional liability;
- Employment practices;
- Business interruption; and
- Hurricane/flood.

- 7.3.2 *Coverage is maintained at levels recommended by the **CEO** and approved by the Board of Trustees but at no less than the amounts stipulated in funding agreements.*

Approval and recommendations for revisions

During the annual review process, the **CEO & COO** review government grants and contracts, including any equipment lease agreements and building acquisition financing contracts, in effect to ensure compliance with any stipulated limits.

Recommendations developed in the annual review are passed on to the Finance Committee for approval. The **COO** then implements the joint decision.

Coverage for *GO BPT* is reviewed by the Board of Directors on an annual basis.

7.4 ASSUMPTION AND AUTHORIZATION OF DEBT

Policies & Controls

7.4.1 All debt must be approved and documented by the Board of Directors in accordance with the By-Laws of the Corporation.

Agency Procedures to Implement These Policies

7.4.1 All debt must be approved and documented by the Board of Directors in accordance with the By-Laws of the Corporation.

Debt approval and agreement

The Board of Directors prepares a resolution to document the Board's approval of the issuance of the debt. The authorization is documented in the minutes of the meeting of the Board. A copy of the resolution approving the issuance of the debt is maintained with the executed copy of the debt agreement.

Records and collateralization of debt

A record is maintained of the assets collateralizing the debt, if any. The assets are specifically identified. The record is updated periodically (*e.g.*, depreciation noted) to reflect the current book value of the assets. *GO BPT* ensures that an asset does not have funder-imposed restrictions prior to pledging such asset as collateral for a debt.

Board resolution

A Board resolution is presented to the third party with whom the debt is being established.

CHAPTER 8. Governance

The Board of Directors of *GO BPT* is committed to providing effective financial oversight, including having made financial decisions that further *GO BPT*'s mission, program and goals. To that end, the Board has adopted the following charters and policies:

- Finance and/or Audit Responsibilities of the Board of Directors and Executive Committee
- Code of Ethics
- Conflict of Interest Policy
- Whistleblower Policy
- Compensation Policy

8.1 Finance and/or Audit Responsibilities of the Board of Directors and Executive Committee

Board Members General Responsibilities:

- To be knowledgeable about the organization--its mission, strengths and needs.
- To attend board meetings, and be prepared to help formulate policy for the organization.
- To serve actively on a board committee.
- To be available for consultation and willing to use expertise at a level that will enhance the organization, but also be practical in terms of time for the individual.
- To be an ambassador for the organization both in heightening awareness about its mission, and bringing vital information to the organization.
- To strengthen the financial base by assisting in the organization's fundraising effort and making a personally significant contribution in keeping with individual resources.
- Help with the recruitment, orientation, and training of new Board members.
- Participate actively in fundraising and prospect development by providing and reviewing lists, signing appeal letters, attending events, and joining in solicitation meetings with individuals, foundations, and corporations.
- Understand the importance of Board leadership in fundraising, contribute commensurate with capability.

Board of Directors' fiscal responsibilities

The Board of Directors of *GO BPT* and the Executive Committee exercises its financial oversight to fulfill the following responsibilities:

- The Board approves the fiscal policies of *GO BPT*. Policies are adopted by the Board and annually updated.
- The Board is aware and knowledgeable of its fiscal responsibilities.
- The Board reviews and approves *GO BPT*'s annual budget. The Board reviews and approves operating, cash, and capital budgets for *GO BPT* annually.

- The Board monitors key variances between *GO BPT* budget and the current financial reports on a regular basis. The Finance Committee receives and reviews variance reports monthly, and reports to the Board at each Board meeting.
- The Board approves large expenditures in excess of a pre-determined limit. *GO BPT* establishes a threshold amount on purchases for which Board approval is required.

Finance Committee's fiscal responsibilities

The *Finance* Committee carries out the following financial and audit oversight responsibilities:

Overall

- Each member of the *Finance* Committee shall be a member of the Board of Directors, in good standing, and shall be independent in order to serve on this committee.
- At least one member of the *Finance* Committee shall be designated as a financial expert.
- The Committee meets at least 4 times per year. The *Finance* Committee may ask members of school leadership or others to attend the meetings and provide pertinent information as necessary.
- The Committee reviews its own effectiveness with a self-assessment evaluation of all members.

Financial Responsibilities

The *Finance* Committee commits to:

- Inquire about significant risks or exposures facing the organization and assess the steps school leadership to take steps to minimize such risks; and periodically review compliance with such steps.
- Review the adequacy of the organization's internal controls including computerized information system controls and security.
- Review procedures for receipt, retention and treatment of complaints regarding accounting, internal controls, or auditing matters by any party internal or external to the organization (whistleblower policy).
- Review policies & procedures with respect to officers' expense accounts, if any

Audit Responsibilities

The *Finance* Committee commits to:

- Appoint the independent auditors to be engaged by the company, establish the audit fees, and pre-approve any non-audit services before the services are rendered. Review and evaluate the performance of the independent auditors and review with the full Board of Directors any proposed discharge of the independent auditors.
- Review the financial statements, audit of the financial statements, judgments about the quality (not just acceptability) of organization's accounting principles, significant changes required in the audit plan, and serious difficulties with management during the audit.
- Review all material written communications between the independent auditors and school leadership, such as the management letter.

- Review legal and regulatory matters that may have a material impact on the financial statements.
- Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the committee

GREAT OAKS CHARTER SCHOOL

**Conflict of Interest Policy & Disclosure
Form**

Approved by the Board of Directors on February 13, 2019

GREAT OAKS CHARTER SCHOOL OF BRIDGEPORT, INC.

CONFLICT OF INTEREST AND ANTI-NEPOTISM POLICY

The purpose of this Conflict of Interest and Anti-Nepotism Policy (the "Policy") is to protect the interests of Great Oaks Charter School of Bridgeport, Inc. (the "School") when it is contemplating entering into a transaction or arrangement that may benefit the private interests of a Director, Officer or employee of the School. Before entering into any transaction or arrangement that may benefit the private interests of a Director, Officer or employee of the School, the Board of Directors of the School (the "Board") shall determine whether the transaction or arrangement is prohibited under this Policy.

Article 1 **Conflicts of Interest**

Section 1. Directors, Officers and employees of the School are prohibited from having a personal or financial interest in the assets, real or personal, of the School.

Section 2. Directors, Officers and employees of the School may not have a direct pecuniary or material benefit accrue from a contract with the School; provided, however, this restriction does not preclude the payment of lawful compensation to employees or the reimbursement of actual and necessary expenses of Directors or Officers, as applicable, in holding their positions with the School.

Section 3. Directors, Officers and employees are also restricted from engaging in any Related Party Transaction except as approved by the Board. The Board may only approve a Related Party Transaction if it determines that the costs incurred are (a) limited to the actual cost of goods or services; (b) applicable, appropriate and necessary to the transaction; and (c) do not exceed the fair market rate or value that a prudent person in a non-related party transaction would incur under the circumstances prevailing at the time.

Section 4. No Director, Officer or employee shall directly or indirectly, solicit any gift, or accept or receive any gift having a value of seventy-five dollars (\$75.00) or more, whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form without prior approval of the Board.

Section 5. Employees of the School may not serve on the Board, except as required by Connecticut General Statutes § 10-66bb(d)(3)(A)(i).

Section 6. Directors of the School may not serve as a director or trustee of any other charter school operating in the State of Connecticut and may not serve as a director or trustee of the School's charter management organization.

Article 2 **Anti-Nepotism**

Section 1. The Board shall not employ or accept application for hire from any person who is a member of the Board, a Relative of a member of the Board, or a Relative of the Principal or other School administrator with general authority with respect to the School's employees.

Approved by the Board of Directors on February 13, 2019

Section 2. No employee of the School may be the direct supervisor of his or her Relative or make decisions regarding appointment, award of a contract, promotion, demotion, disciplinary action, discharge, assignment, transfer, approval of time-off and approval of training or development opportunities, as well as conducting performance evaluations or participating in any other employment action.

Article 3
Disclosure and Voting

Any potential or actual conflict of interest, including nepotism, described in Articles 1 and 2 of this Policy, must be promptly disclosed in good faith in writing to each member of the Board, together with all material facts known to such Director, Officer or employee with respect to the actual or potential conflict of interest. All such potential or actual conflicts of interest shall be reviewed by the Board. Any Director, Officer or employee to whom the potential or actual conflict of interest relates shall leave the room while deliberations are conducted. If not prohibited by Articles 1 or 2 of this Policy, any actual or potential conflict of interest shall be approved by not less than a majority vote of the Board members present and voting at the meeting. No Director, Officer or employee shall vote, act, or attempt to influence improperly the deliberations, as applicable. Any attempt to vote, act, or improperly influence deliberations may be grounds for removal from the Board or termination of employment with the School.

Article 4
Disclosures

Prior to the initial election or appointment of a Director to the Board, and thereafter on an annual basis, all Directors shall disclose in writing to the Board Secretary:

- (i) Any entity of which the Director is an officer, director, trustee, member, owner or employee;
- (ii) Any entity of which a Relative of the Director is an officer, director, trustee, member, owner or employee and with which the School has a relationship;
- (iii) Any Financial Interest the Director may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to the School for a fee or other compensation; and
- (iv) Any position or other material relationship such Director may have with any not-for-profit corporation or any position or other material relationship held by a Relative of such Director, with which the School has a business relationship.

Each Director shall also annually sign and submit to the Board Secretary a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy.

Article 5
Miscellaneous

Approved by the Board of Directors on February 13, 2019

Section 1. In no instance shall a director, officer or employee of a charter management organization having a business relationship with the School serve as a member of the Board for the duration of such business relationship.

Section 2. Directors, Officers and employees shall avoid at all times engaging in activities that would appear to be unduly influenced by other persons who have a special interest in matters under consideration by the Board. If this occurs, such Director, Officer or employee shall disclose in writing all known facts prior to participating in a Board discussion of these matters and the Director, Officer, or employee's interest in the matter will be reflected in the Board minutes.

Section 3. Directors, Officers and employees shall make all appropriate disclosures whenever a grievance of conflict of interest is lodged against them.

Section 4. No Director, Officer or employee shall disclose confidential information acquired by him or her in the course of his or her official duties or use such information to further his or her personal interests.

Section 5. Directors, Officers and employees may never ask a subordinate, a student or a parent of a student to work on or give to any political campaign.

Article 7 **Definitions**

Capitalized terms used herein shall have the meanings ascribed to such terms below:

- (i) **Affiliated.** Affiliated means being united, connected, allied, associated, or attached in any manner.
- (ii) **Financial Interest.** A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangements involving the School.
- (iii) **Related Party.** Related Party means being Affiliated, principal owner or manager, spouse, child, parent or sibling of one or more of the transacting parties and includes any other parties that have a significant influence over the management or operating policies or have an ownership interest in one or more of the transacting parties.
- (iv) **Related Party Transaction.** Any transaction, agreement or any other arrangement with the School in which a Related Party has a Financial Interest.
- (v) **Relative.** A parent, child, grandparent, grandchild, brother, half-brother, sister, half-sister, uncle, aunt, nephew, niece, first cousin, husband, wife, stepparent, stepchild, father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, guardianship relationships, or partner in a civil union or same-sex marriage.

**GREAT OAKS CHARTER SCHOOL OF BRIDGEPORT, INC.
(GO-Bridgeport)**

Conflict of Interest Disclosure Form

1. Director/Officer/Employee Name (print) _____
2. Home Address _____
3. Business Address _____
4. Daytime Phone _____
5. E-Mail Address _____
6. List all positions held on the GO-Bridgeport Board or with or related to GO-Bridgeport (e.g., Director, chair, treasurer, parent representative, Principal):

7. Identify any entity of which you or your Relative* is an officer, director, trustee, member, owner or employee and with which GO-Bridgeport has a relationship:

8. Identify any Financial Interest** you or your Relative has in any corporation, organization, partnership or other entity which provides professional or other goods or services to GO-Bridgeport for a fee or other compensation:

9. Identify any position or other material relationship you or your Relative may have with any not-for-profit corporation with which GO-Bridgeport has a business relationship:

10. If you are a Board member or the Principal or other School administrator with general authority with respect to the School's employees, identify any Relative who is an employee of GO-BPT:

- * *"Relative" means a parent, child, grandparent, grandchild, brother, half-brother, sister, half-sister, uncle, aunt, nephew, niece, first cousin, husband, wife, stepparent, stepchild, father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, guardianship relationships, or partner in a civil union or same-sex marriage.*
- ** *A person has a "Financial Interest" if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangement involving GO-Bridgeport.*

Agreement and Acknowledgment

The undersigned acknowledges and agrees that (i) the above information is true and correct as of the date hereof; (ii) he/she has received, has read and understands the GO-Bridgeport Conflict of Interest and Anti-Nepotism Policy applicable to Trustees, Officers and employees; and (iii) he/she agrees to comply with such Conflict of Interest and Anti-Nepotism Policy.

Print Name

Signature

Date

8.3 Executive Compensation Policy

Executive Compensation is reviewed annually by the Board of Directors.

Determining Executive Compensation

When hiring the **CFO, COO, CEO** or Key Employee, the Board of Directors performs a thorough review to determine acceptable compensation. This process includes a review of comparable data. Comparability data can include published compensation surveys and executive compensation reported in the Form 990 of like organizations. The Board of Directors consults the full Board when making the final determination. The Board retains contemporaneous substantiation of the deliberation and decision.

A Key Employee¹⁴ is defined as those persons, other than officers, directors, and trustees, who:

- a) Had reportable compensation exceeding **\$150,000** for the year (the "**\$150,000 test**");
- b) Had or shared organization-wide control or influence similar to that of an officer, director, or trustee, or managed or had authority or control over at least 10 percent of the organization's activities (the "responsibility test"); AND

Were within that group of the organization's top 20 highest paid persons for the year who satisfied both the **\$150,000** test and the responsibility test.

14 *As defined in the 2008 Instructions for Form 990 – Core Form, Part VII

Chapter 9. Information and Technology

Policies & Controls

9.1.1 Data and information is protected from unauthorized access, use, modification, disclosure, and destruction.

9.1.2 All critical data is backed up regularly and securely.

Agency Procedures to Implement These Policies

9.1.1 *Data and information is protected from unauthorized access, use, modification, disclosure, and destruction.*

Security

Security controls are fully implemented for the network operating system and applications to ensure the safety, confidentiality and integrity of all information and systems.

- Internet firewalls and web application security are employed where appropriate.
- Sensitive material is encrypted for transmission, and is not discarded in readable form.
- Staff handling information technology are adequately trained to perform their functions, and are prohibited from initiating changes to Finance and Human Resources master files.
- Employees are adequately trained in the policies and procedures regarding system usage and security requirements.

Physical Safeguards

Physical security controls are fully implemented for the network operating system to ensure protection against physical access to the system by unauthorized personnel or others, as well as protection against physical damage, including power surges, fire, water, and damage done by employees. This includes computer systems and telecommunications equipment being kept in a locked, secure area with access restricted to authorized personnel.

User Access

Authorization and privilege controls are fully implemented for the network operating system and applications, such as those that restrict access to the overall system, as well as to specific applications and information, to those with specific, authorized business purposes.

- Individually assigned passwords are required for email.
User access rights are revised upon transfer or change of employee responsibilities and eliminated upon termination of employment.

9.1.2 *All critical data is backed up regularly and securely.*

Disaster Recovery

Backups are stored offsite to ensure data is available in case of a disaster. Backup planning includes the identification of all critical programs, documentation and support items that would be necessary to perform essential tasks during a recovery period. Critical data is password protected with multiple individuals having access to sign ID and password.

GREAT OAKS



CHARTER SCHOOL

Great oaks, from little acorns grow

Great Oaks Charter School – Bridgeport

Fiscal Manual

Adopted December 2022

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CHAPTER 1. Introduction

Great Oaks Charter School – Bridgeport (GO BPT) is committed to developing and maintaining fiscal policies and procedures that ensure good governance, sound internal controls, fiscal responsibility and accountability in accordance with Generally Accepted Accounting Principles (GAAP), and adherence to the Financial Accounting Standards Board (FASB) rules and regulations. As a not-for-profit organization, *GO BPT* is entrusted with funds granted by government agencies, private foundations and individual contributors and must adhere to the highest standards of accounting.

Internal Control Systems

The internal control structure consists of policies and procedures that have been established by the school's Board of Directors to achieve *GO BPT's* objectives. More specifically, the control structure represents those policies and procedures that affect the organization's ability to process, record, summarize, and report financial information. This structure is established and maintained to reduce the potential unauthorized use of *GO BPT's* assets or misstatement of account balances.

The internal control structure is composed of the following basic elements: (1) the control environment; (2) the accounting system; (3) control procedures; and (4) the accounting cycle.

1. The Control Environment

The control environment reflects the importance *GO BPT* places on internal controls as part of its day-to-day activities. Factors that influence the control environment include school leadership and Board oversight, engagement & philosophy, organizational structure, ways of assigning authority and responsibility, methods of management and control, personnel policies and practices, protection of informants of improper activities, support provided by the GO Foundation and external influences such as significant funder expectations.

2. The Accounting System

The accounting system comprises the policies, methods, accounting software, and records used to identify, assemble, classify, record, and report accounting transactions. At a minimum, it is set up to:

- Identify and record all of *GO BPT* transactions;
- Describe the transactions in enough detail to allow classification for financial reporting and support business purpose; and
- Indicate the time period in which transactions occurred in order to record them in the proper accounting period.

3. Control Procedures

Control procedures are the procedures set up to strengthen *GO BPT's* internal control structure and thus safeguard the school's assets. They are divided into the following:

- Segregation of Duties: No one person should control all the key aspects of a transaction or event, and the functions performed by one person may be checked by the functions performed by the other.
 - In general, the transaction approval function, the accounting/reconciliation function and the asset custody function should be separated among employees whenever possible.
 - When these functions are not or cannot be separated, then a detailed supervisory review of related activities should be undertaken by managers or officials as a compensatory control.
- Restricted Access: Physical access to valuable and movable assets is restricted to authorized personnel. Systems access to make changes in accounting records is restricted to authorized personnel.
- Document Control: To ensure that all documents are captured by the accounting system, all documents must be pre-numbered and the sequence for documents must be accounted for. To ensure compliance with the Sarbanes-Oxley Act's provision to prevent destruction of litigation-related documents, *GO BPT* has adopted policies and procedures for document retention.
- Processing Control: This is designed to catch errors before they are posted to the general ledger. Common processing controls are the following: batch controls; source document matching; clerical accuracy of documents; and general ledger account code checking.
- Reconciliation Controls: These are designed to catch errors after transactions have been posted to the general ledger, including reconciling selected general ledger control accounts to subsidiary ledgers.

4. The Accounting Cycle

The overall purpose of an accounting system is to accurately process, record, summarize, and report transactions of *GO BPT*.

The component accounting cycles fall into one of four primary functions:

1. Revenue, accounts receivable, and cash receipts
2. Purchases, accounts payable, and cash disbursements.
3. Payroll
4. General Ledger and Financial Statements

5. External Regulation and Review of Internal Controls

Sarbanes-Oxley Act

The American Competitiveness and Corporate Accountability Act of 2002, also known as the Sarbanes-Oxley Act, was passed in response to the corporate accounting scandals that took place in 2001 and 2002. According to the law, publicly traded companies must now adhere to new governance standards that give board members a greater oversight role regarding financial transactions and auditing procedures. Although most of the provisions of the act apply only to publicly traded corporations, two

provisions of the law apply to not-for-profit organizations including provisions for whistleblowers and document retention.

Whistleblower: Section 1107 of the act, Retaliation Against Informants, applies to all entities, public or private. It states that it is illegal to retaliate against a “whistleblower.” The Sarbanes-Oxley Act does not require organizations to have a whistleblower policy; however, it is in an organization’s best interest to do so. *GO BPT* has adopted a whistleblower policy that provides clear procedures for handling whistleblower complaints.

Document Retention: The Sarbanes-Oxley Act also addresses the destruction of litigation-related documents. The law makes it a crime to alter, cover up, falsify, or destroy any document (or persuade someone else to do so) to prevent its use in an official proceeding. Like their for-profit counterparts, not-for-profits need to maintain appropriate records about their operations. *GO BPT* has adopted a written, mandatory document retention policy.

Auditing Standards for Reporting on Internal Controls - SAS 112

Beginning December 15, 2006, new auditing standards increase the level of reporting required by external auditors on an organization’s internal controls. Auditors are now required to issue a report rating Control Deficiencies, Significant Deficiencies and Material Weaknesses, and incorporate a management Action Plan to address the auditor’s observations. In addition, classifications of serious deficiencies have been broadened such that conditions not previously reportable are now required to be reported in writing, not only to school leadership, but also to the Board. Auditors must increase their inquiry and testing of controls in high-risk areas including:

- Procurement and contracting
- Cash disbursements and expenditures
- Payroll and personnel
- Fixed assets, equipment and inventories
- Revenue – especially school enrollment records and lunch programs
- Fiscal oversight of the Board of Directors

6. Charter Schools - Oversight of Fiscal Soundness and Internal Controls

Charter schools, such as the Great Oaks Charter School of Bridgeport, are public schools that operate independently and autonomously of local school districts. Charter schools offer public school choice to their communities with the goal of improving student achievement, particularly for children at-risk of academic failure.

The Charter authorizer, in the form of the State Board of Education, provides oversight sufficient to ensure that schools are in compliance with applicable law and the terms of its charter. The authorizers’ oversight includes approval of renewal of *GO BPT*’s charter.

Charter Date: *GO BPT* received its charter approval on April 2, 2014 from the Connecticut State Board of Education.

Authorizer: The Connecticut State Board of Education is GO BPT's authorizer.

Charter Renewals

Charters are time limited. The State Board of Education may grant charters for five years. Prior to the expiration of their charters, schools must apply for renewal. If renewal is not granted, the charter expires and *GO BPT* may no longer operate as a charter school. Charters may be renewed, upon application, for up to five years.

Renewal: *GO BPT's* current renewal expires five years subsequent to charter date, on April 3, 2019.

Benchmarks for Fiscal Soundness

Applications for renewal are submitted to GO BPT's authorizer. In the renewal application *GO BPT* must be able to demonstrate fiscal soundness. Fiscal soundness is certified by meeting a set of fiscal benchmarks for 1) board oversight; 2) budgeting and long-range planning; 3) internal controls; 4) financial reporting; and 5) financial condition. *GO BPT's* adherence to each benchmark must be addressed in the renewal application.

1. Board Oversight

The Board has provided effective financial oversight, including having made financial decisions that furthered *GO BPT's* mission, program and goals.

2. Budgeting and Long-Range Planning

GO BPT has operated pursuant to a long-range financial plan. *GO BPT* has created realistic budgets that are monitored and adjusted when appropriate. Actual expenses have been equal to or less than actual revenue with no material exceptions.

Elements that should generally be present, and which the charter authorizer, looks for, include:

- Clear budgetary objectives and budget preparation procedures;
- The budget process is initiated by the Principal who seeks input from board members, school administration and teachers;
- *GO BPT's* long-range fiscal plan is compared frequently to actual progress and adjusted to meet changing conditions; and
- Budget variances are analyzed routinely, and material variances are discussed and addressed at the board level including any necessary budget revisions.

3. Internal Controls

GO BPT has maintained appropriate internal controls to detect and prevent loss of school assets. Transactions have been accurately recorded and appropriately documented in accordance with the school's direction and laws, regulations, grants and contracts. Assets have been and are safeguarded. Any deficiencies or audit findings have been corrected in a timely manner. If findings are serious, the Board is strongly recommended to adopt a corrective action plan and submit to the Charter authorizer, upon request.

Elements that are generally present, and which the charter authorizer looks for, include:

- *GO BPT* follows a set of comprehensive written fiscal policies and procedures;
- *GO BPT* safeguards its assets;

- *GO BPT* identifies and analyzes risks and takes actions to mitigate such risks;
- *GO BPT* has controls in place to ensure that school leadership and Board of Directors decisions are properly carried out;
- *GO BPT* monitors and accesses controls to ensure their adequacy;
- *GO BPT's* board members and employees adhere to a code of ethics;
- *GO BPT* makes purchasing decisions that consider price, quality and dependability and makes purchasing selections with the intention of maintaining a top-quality school;
- *GO BPT* ensures duties are appropriately segregated, or institutes compensating controls;
- *GO BPT* ensures that employees performing financial functions are appropriately qualified and adequately trained;
- *GO BPT* has systems in place to provide the appropriate information needed by staff and board to make sound financial decision and to fulfill compliance requirements;
- An employee of *GO BPT* reviews grant agreements and monitors compliance with all stated conditions;
- *GO BPT* prepares payroll according to appropriate state and federal regulations and school policy; and
- *GO BPT* takes corrective action in a timely manner to address any internal control or compliance deficiencies identified by its external auditors if needed.

4. **Financial Reporting**

GO BPT has complied with financial reporting requirements. *GO BPT* has provided the charter authorizer with required financial reports on time, and such reports have been complete and have followed generally accepted accounting principles.

The following reports will have generally been filed in a timely, accurate and complete manner:

- Annual financial statement of audit reports, including federal Single Audit (A-133) if applicable;
- Annual budgets and cash flow statements;
- Un-audited quarterly reports of income and expense;
- Bi-monthly enrollment reports to the district and State Education Department; and
- Grant expenditure reports.

5. **Financial Condition**

GO BPT is committed to maintaining adequate financial resources to ensure stable operations and has monitored and successfully managed cash flow. Critical financial needs of *GO BPT* are not dependent on variable income (grants, donations and fundraising).

Elements of sound financial condition, which the charter authorizer will look for, include:

- *GO BPT* maintains sufficient cash on hand to pay current bills and those that are due shortly; or maintains a Current Ratio (Current Assets / Current Liabilities) of 2.0 or greater.
- Additional financial ratio goals include:

- Debt to Asset ratio of less than or equal to 1.0.
- Total program to educational services ratio over 70%.
- *GO BPT* prepares and monitors cash flow projections.
- *GO BPT* accumulates unrestricted net assets that are equal to or exceed two percent of *GO BPT's* operating budget for the upcoming year.

Fiscal Organization and Other Matters

Financial Team

The fiscal management of *GO BPT* involves the following positions:

- Board of Directors
 - Board Chair
 - Treasurer
 - Finance Committee
- School Leadership
 - Principal
 - Director of Operations (DOO)
 - Office Manager
- CMOGreat Oaks Foundation (GO Foundation)
 - Chief Financial Officer
 - Chief Operating OfficerChief Operating Officer
 - Director of Finance & Finance Associate
 - Finance Associate

Segregation of duties is achieved by separating financial functions between staff, including the utilization of non-financial staff (*e.g. Office Manager*) for receipt of mail and goods; and review, oversight and authorization levels assigned to the *Principal/Director of Operations/Chief Operating Officer/ Board*. In addition the *Treasurer* regularly monitors the assignment of financial duties and responsibilities for their impact on segregation of duties.

Fiscal Year

GO BPT's fiscal year is July 1 through June 30.

Accrual Accounting

GO BPT uses the accrual basis of accounting when preparing its financial statements. Unlike cash accounting, which records revenue and expenses when they enter or leave the organization's cash accounts, accrual accounting utilizes the concept of matching, to match revenues and expenses to the time period for which they were utilized.

Board's Oversight Role

The day-to-day fiscal responsibilities of *GO BPT* are assigned to its fiscal staff who are supervised by the *Principal*. However, ultimate responsibility for the overall management of the organization rests with the Board of Directors. The Board Treasurer serves as the key financial contact. The *Chief Operating*

Officer and *Finance Director* of the Great Oaks Foundation provide additional critical support and expertise to the School. Accounting and auditing standards also require the establishment of a *Finance Committee* to assure *GO BPT's* financial health and compliance. See the Chapter on Governance later in this manual.

CHAPTER 2. Revenue, Accounts Receivable, and Cash Receipts

2.1 ACCOUNTS RECEIVABLE AND CASH RECEIPTS

INTERNAL CONTROL OBJECTIVES

Accounts Receivable and Cash Receipts

- Cash receipts are recorded correctly as to account, amount, and period and are deposited promptly intact.
 - Cash receipts are recorded correctly as to account, amount, and period.
- Cash receipts are applied properly to donor/grantor balances.
- Cash balance records are reconciled monthly to bank statements and differences are investigated.

Policies & Controls

- 2.1.1 All cash receipts are received on a timely basis by the Office Manager, who has no role in the recording or processing of cash receipts. Receipts are accurately processed and recorded by the *Finance Director*.
- 2.1.2 The school will maintain daily attendance records for all students, maintain documentation of attendance as required, and submit all required reports to the Board of Education (BOE) on a timely basis.

Agency Procedures to Implement These Policies

- 2.1.3 All cash receipts are received on a timely basis by staff that has no role in the recording or processing of cash receipts. Receipts are accurately processed and recorded.

Opening the mail and Endorsing Checks

All mail is directed to the *Office Manager*. The *Office Manager* opens all mail, segregates checks and immediately restrictively endorses each check. The restrictive endorsement should include:

1. "Great Oaks Charter School"
2. Bank name
3. GO BPT bank account number
4. "For Deposit Only"

The Office Manager scans the check(s) and supporting documentation. The original checks are submitted to the DOO. Office Manager also updates the cash / checks receipts log and ensures that the scan of the documents are linked to the cash receipts log.

Preparing the bank deposit

The *DOO* prepares a deposit ticket for each account for which checks are or cash is received. The deposits are numbered for each bank account.

Making the deposit

The *DOO* deposits checks on a timely basis. Checks that are not deposited on the day of receipt are kept in a locked cash box in a locked cabinet, access to which is limited to the *Principal*. After deposit, the validated deposit ticket is kept for submission to the *Finance Director* for entry into the accounting software. If the deposit occurs electronically, the *DOO* will write “electronically posted” on the front of the original check and submit it with a printed transaction receipt to the *Finance Director*.

Recording cash receipts

The *DOO* codes the check using the **Income Receipt Coding Form** and submits the deposit ticket and/or printed transaction receipt to the *Finance Director*. The *Finance Director* records the deposit in the accounting software general journal by donor or funder and initials and dates the deposit package upon completion of data entry. The deposit ticket and/or printed transaction receipt is stapled to the check copies and any supporting documentation and filed.

Verifying deposits

The *Finance Director* compares the bank-validated deposit ticket to the bank statement. The *Finance Director* brings any discrepancy that cannot be resolved to the attention of the *Principal* and if not resolved, to the Board.

Collection and Receipt of Cash for school-related sales activities

Cash may be received from parents and others for activities such as school lunches, club dues, purchases of uniforms for students, etc. The *Office Manager* is designated to receive cash and uses the following procedures:

- Cash is kept in a locked cash box, which is secured in locked cabinet when not in the immediate possession of the *Office Manager*.
- Pre-numbered cash receipts are filed in triplicate: one copy for payee, one for staff receiving cash and one for the *Finance Director*.
- Cash is logged on a daily basis in a **Cash Receipts Log**. The log is totaled, printed and signed by the *Office Manager* each day. The *Office Manager* keeps a copy of the log for him/herself and places the original in the cash box.
- On a weekly basis, the *Director of Operations* reviews the cash receipts and reconciles the cash receipts to the log. The *Director of Operations* signs and dates the log and prepares the cash for deposit. The **Cash/Check Received Receipt Form** is completed and provided to the GOF Finance Associate prior to deposit. No photocopies are made of cash.
- After deposit, the *DOO* codes the cash deposit using data from the Cash Receipts Log with the Income Receipt Coding Form and submits the deposit ticket to the *Finance Director*. The

Finance Director records the deposit in the accounting software and dates the deposit package upon completion of data entry. The deposit ticket is stapled to the Cash Receipts Log copy and any supporting documentation and filed. GO BPT follows record retention policies satisfying local government and tax regulations.

Verifying the deposit

The *Finance Director* compares the bank-validated deposit ticket to the bank statement. The *Finance Director* brings any discrepancy that cannot be resolved to the attention of the *Principal*.

Processing and recording electronic funds transfers and ACH payments

For receipts other than cash or checks (for example, electronic funds transfers (EFTs) and ACH payments including contract or grant payments), the *Director of Operations* reviews online bank activity on a weekly or on as needed basis. When new transfers have come through, the *Director of Operations* prints out the online statement, codes it with the appropriate revenue code and submits to the *Finance Director*. The *Finance Director* records the receipt to the general ledger, and the *DOO* reviews coding during the reconciliation process.

Processing and recording Credit Card Receipts

***Currently GO BPT receives no funds from credit card receipts. At a time that the school begins to directly receive credit card payments this policy will become active.*

Credit card receipts are received online, via *GO BPT's* website. A fee is deducted for credit card processing from the donation, and the remaining balance of the donation is wired into the *GO BPT* bank account.

A listing of all credit card donations is generated by the credit card processing company. The *Director of Operations* receives the list and submits it to the *Finance Director*. The *Finance Director* enters the donation information from the report into the accounting software, then reconciles the donation amounts listed on the credit card processing company's report to the amounts wired to the bank account. The *Finance Director* then records the credit card donation to the general ledger. The *Finance Director* reviews such coding and information recorded on a monthly basis.

Maintaining Cash Receipts Documentation

Remittance batches, with their batch cover sheet, are filed in chronological order by month. *GO BPT* follows record retention policies satisfying local government and tax regulations.

Lunch Program Receipts

The Lunch Program at *GO BPT* is provided for its students in accordance with the Federal Free and Reduced Lunch Program. Under this program, students are eligible for free or reduced breakfasts and lunches. The process for the lunch program includes:

- Determination of eligibility for free or reduced lunches; and
- Daily count of students receiving breakfasts and lunches at *GO BPT*.

Determination of eligibility for free or reduced lunches

The *Office Manager* annually distributes Financial Eligibility Forms to parents at the beginning of the *GO BPT* school year. Parents complete and return the forms to the Office Manager in charge of the lunch program who sends the information regarding the parent's eligibility for Free/Reduced lunches to the Connecticut State Department of Education (BOE), which certifies eligibility.

Daily count of students receiving breakfasts and lunches

The *Office Manager* counts and records the names and number of students that are to receive lunches daily and deliver the logs to the *Director of Operations*. The *Office Manager* person completes a daily transmittal sheet indicating the number of lunches delivered.

In-kind Donations

Acceptance

Proposed donations of goods and services will be analyzed for usability in *GO BPT's* internal operations and/or programs prior to acceptance. If the goods or services cannot be effectively utilized by *GO BPT*, they will be rejected, donated to another not-for-profit or otherwise discarded. These items will not be valued or recorded.

Proposed donations of space will similarly be evaluated for usability in *GO BPT's* internal and Board activities and rejected if inappropriate or difficult to access.

Valuation

Goods. Donated goods for use in *GO BPT's* programs, such as books and art supplies, without specifying any individual client beneficiary or small qualifying group, will be valued by the item or bag. The *Finance Director or DOO*, in consultation with the donor if appropriate or useful, will assign the value for each category of item or bag.

Other donated goods for use in *GO BPT's* internal operations will be valued individually. These items include gifts of property such as materials, equipment, supplies, artwork and other personal property. The *Finance Director or DOO*, in conjunction with the donor where appropriate, will assign the appropriate value for these items.

Capital items for use in *GO BPT's* internal operations and programs, such as furniture, computers, equipment and appliances will be valued by the *Finance Director or DOO* in conjunction with the donor, where appropriate.

Services. In order for donated services to be recognized, they must be services that:

- Enhance a non-monetary asset (such as property and equipment), and
- Require specialized knowledge or skills that would typically need to be purchased by the organization if they had not been provided by contribution, and are provided by individuals with those skills (such as doctors, lawyers, accountants, architects, contractors, teachers or other professionals).

These services will be valued at fair market value.

Space. The *Finance Director* is responsible for assigning a value based on the fair market value for major donations of high quality that *GO BPT* would have otherwise rented for a program or event.

Communication

The *Director of Operations* must be notified of every donation of goods, services or space. Thank you letters must be sent and donor information recorded. When a value is placed on the donation, Finance staff is notified as well. All donors will receive thank you letters. The value established by *GO BPT* of donated goods, services or space will not be provided to the donor, as it is the donor's responsibility to establish the value in their own dealings with the Internal Revenue Service.

Recording

Goods, services and space provided to *GO BPT* that qualifies under the above criteria are recorded as contribution revenue. Items donated for fundraising purposes, such as a silent auction, will be recorded as contributions for the amount of the transfer price paid by the recipient of the item.

The corresponding use of the goods or services is recorded at the time the goods are distributed to clients or staff, or the services are accepted and utilized. They are coded to the appropriate accounts and cost centers at the time of their distribution or use. Any good that qualifies as a fixed asset is depreciated in accordance with the fixed asset depreciation policy.

Additional guidance on recognizing and substantiating in-kind contributions can be found in IRS Publication 1771. Additional guidance on determining the value of donated property can be found in IRS Publication 561. Both publications are online at www.irs.gov.

2.1.4 The school will maintain daily attendance records for all students, maintain documentation of attendance as required, and submit all required reports to the Board of Education (BOE) on a timely basis.

Maintaining Daily Attendance Records

Attendance is maintained in the PowerSchool system for each student on a daily basis.

Interim Reporting

Total students from PowerSchool system are entered into the FTE interim report, which is prepared by the *Office Manager* on a bi-monthly basis. The completed FTE interim report is then reviewed by the *DOO*. A copy of the FTE interim report is retained by the *Finance Director*, attached to all relevant reports created from PowerSchool systems, and filed.

Annual Reporting

A final reconciliation between the PowerSchool software and actual per-pupil fees received will be performed at year-end and submitted to the BOE using the required Charter School FTE Reconciliation Form. The Reconciliation form will be prepared, reviewed, submitted and filed following the same procedure as the bi-monthly interim reports.

2.2 REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE

INTERNAL CONTROL OBJECTIVES

Revenue Recognition and Accounts Receivable

- Contracts and grants are properly billed and recorded in the general ledger and subsidiary records.
- Billings and revenues are recorded correctly as to account, net asset classification amount, and period.
- Recorded billings are for valid transactions.
- Where applicable, services provided or products shipped are billed and properly and promptly recorded in the general ledger and subsidiary records.
- Uncollectible accounts are promptly identified and provided for.
- Unpaid pledges and amounts receivable under grants or contracts are billed periodically and are only written off with proper approval.

Policies & Controls

2.2.1 Revenue is recorded on the accrual basis of accounting.

2.2.2 Revenue is classified in appropriate categories as established in Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations.

Agency Procedures to Implement These Policies

2.2.1 *Revenue is recorded on the accrual basis of accounting.*

Pledges/grants receivable

In compliance with accounting principles, revenue is recognized when earned and when contributions are received or awarded on the accrual basis of accounting.

All grant letters, pledges and promises to give are forwarded by the *Principal/ Director of Operations* to the *Finance Director* upon receipt. The *Finance Director* reviews the documentation and records promises to give as a receivable depending on the probability of receipt.

The *Finance Associate* offsets receivable accounts with payments received. On a quarterly basis, the *Finance Associate* forwards the accounts receivable aging report to the *Principal/ Director of Operations* to determine what, if any, steps are needed to collect or adjust the remaining receivables.

2.2.2 *Revenue is classified in appropriate categories as established in Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations.*

Unrestricted Revenue

Donations from private donors and foundation awards for which purpose or timing of use has not been restricted by donors are recognized as unrestricted revenue upon receipt of the donation or upon receipt of a commitment to receive the donation, such as a letter or pledge from a donor.

Any fee-for-service revenue is recorded as unrestricted income as the services are provided.

Investment income in the form of interest, dividends, rents, and royalties is recorded as unrestricted revenue as it is earned as long as there are no donor stipulations on the use of the income.

Temporarily Restricted Revenue

Private Donations

Contributions are considered temporarily restricted revenue if they are received with donor stipulations that limit the use of the donated asset. Information on donor timing and purpose restrictions is entered by the Finance Director into the fundraising software and all stipulations are communicated to the fiscal office.

When a donor restriction expires, such as when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted contributions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. The *Finance Director* prepares a schedule of temporarily restricted assets for release on a quarterly basis. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as temporarily restricted revenue, with the amount met reported as net assets released from restriction.

Philanthropic Awards

Any philanthropic grant award notifications are communicated to the *Principal*. Philanthropic grant revenue must be recognized in full when an award letter is received. If the full amount of the grant is not received, the balance of the grant is recorded as an Account Receivable.

Only philanthropic grants that stipulate time or purpose restrictions of use are recorded as temporarily restricted grants, otherwise they are recorded as unrestricted funding. In some circumstances, a foundation grant could have significant milestones that must be met in order to receive the balance of the grant. In these circumstances, school leadership shall determine the likelihood that the milestones will be met in determining whether to recognize the entire grant in full upon receipt of the grant award letter. Grant awards for a fiscal year, without stipulation of a payment schedule, are recorded as grants receivable and due in the year of the award.

Revenue from Government Grants and Contracts

Any government contract award notifications that are received are forwarded to the Principal who reviews the information and then forwards it to the Finance Director. The Finance Director records the contracts, noting restrictions and reporting requirements in the contract agreement, including the timing of both reports due to the funder and expected payments.

Grant revenue is recognized based upon the terms of the award, including any restrictions or reporting requirements, when the award is received. Three types of government funding may be received.

- **Government Grants.** Government grants that are similar to foundation grants and are recorded as receivables in the same manner as philanthropic grants are treated (see above). Where

government grants are received over a period of years, revenue for the subsequent is recognized in those years and not as a receivable.

- **Cost-reimbursement Contracts.** Public contracts are considered reimbursable grants; therefore, revenue will be recognized after expenses associated with the contracts have been incurred by *GO BPT* in performance of the contract. The revenue is recorded upon preparation of a financial report of expenditures to a government agency.
- **Performance-based Contracts.** In the case of performance-based contracts, revenue is recognized when services are performed and a voucher is prepared as stipulated in the contract.

Permanently Restricted Revenue

Permanently restricted revenue, include trusts and endowments, where the principal funds are never to be used as designated by the funder upon donation. The balances are adjusted at the end of the year to reflect increases or decreases to the assets, including additions to the endowment account and unrealized gains and losses.

An example of assets of this nature may be an endowment established by a contributor to *GO BPT*. An endowment is a fund where the original investment cannot be used by *GO BPT*. However, the interest earned on the investment can be used as unrestricted or temporarily restricted revenue for an intended purpose as outlined by the donor(s). An exception to this rule may exist if the donor(s) specifically state that a certain percentage of the permanently restricted assets can be withdrawn by *GO BPT* each year for a specific purpose.

Special Education Revenue

By mid-October of each year, the Public School Information System (PSIS) will have completed the Special Education roster for #294 Great Oaks Charter School - Bridgeport. The PSIS Special Education's total count is used to submit an invoice to the Bridgeport School District for Special Education funding. Based on the Memorandum of Understanding between Bridgeport and the school, Special Education funding is based on:

- One quarter of a Special Education teacher for every 5 Special Education students at the agreed fiscal year rate
- Paraprofessionals are reimbursed at the agreed fiscal year rate

The current fiscal year's salary rates are confirmed, and updated if necessary, with the Bridgeport Public Schools. The number of paraprofessionals employed by the school for the invoice period is determined by the school's employee roster. Invoices can be sent monthly or quarterly for reimbursement by Bridgeport Public Schools.

The invoice, together with the PSIS October roster for the school year. are mailed to Finance & Operations Manager, Business Office, Bridgeport Public Schools, 45 Lyons Terrance, Bridgeport, CT 06604, with a copy to the Executive Director & Finance Director of the school.

2.3 CONTRIBUTIONS: ACKNOWLEDGMENT AND DISCLOSURE

Policies & Controls

2.3.1 Acknowledgment letters with appropriate disclosures are sent to donors by email to substantiate donations.

Agency Procedures to Implement These Policies

2.3.1 *Acknowledgment letters with appropriate disclosures are sent to donors by email to substantiate donations.*

Acknowledgment letters

For each contribution received, regardless of amount, *GO BPT* issues an acknowledgment of receipt of the contribution to the donor. An electronic copy of the acknowledgment is emailed to the donor by the *Office Manager* or Principal. The acknowledgment includes:

- The amount received and a description of any other property contributed;
- A statement about whether *GO BPT* provided any goods or services in return for the contribution; and
- A description and an estimated value of the item provided if *GO BPT* provided something in return for the contribution.

Additional guidance in the form of examples and suggested language for acknowledgements can be found at <http://www.irs.gov/pub/irs-pdf/p1771.pdf>.

Written Disclosure

Since a donor may only take a contribution deduction to the extent that his/her contribution exceeds the fair market value of the goods or services the donor receives in return for the contribution, donors need to know the value of the goods or services provided by *GO BPT*. A written disclosure of the *quid pro quo* amount, or value of goods and services received by the donor *in exchange for* the contribution, is required by *GO BPT* if the donor makes any payment in excess of \$75.

Pro-bono, in-kind and donated services

Pro-bono and in-kind contributions are recorded when the donor's service has been completed or received. In cases where donated services are provided on an ongoing basis, pro-bono and in-kind contributions are recorded annually.

An acknowledgment letter is issued by email to the donor for the pro-bono or in-kind contribution. Donated services received by the school should be recorded at fair value if the services:

- Create or enhance a fixed asset (such as land, building, equipment, etc); or
- Require specialized skills that the provider possesses and that normally have to be purchased. These services can be lawyers, accountants, architects, teachers or other professionals.

Donated services not meeting either of these two criteria are not recognized.

The fair value of donated services can be estimated using hourly rates, costs for similar projects, salary rates, etc. The school works with its external auditors to include the disclosures required in its annual financial statements. Disclosures should include information about the program or activity benefited

and the nature and extent of contributed services. The amount recognized in the reporting period also should be disclosed.

CHAPTER 3. Purchasing, Accounts Payable, and Cash Disbursements

3.1 PURCHASING

INTERNAL CONTROL OBJECTIVES

Purchasing and Accounts Payable

- Goods or services are purchased only with proper authorization.
- While the GO Foundation staff may provide information to school staff and the Board regarding available funds for purchases, Foundation staff do not have authority over school purchase decisions.
- No negotiable documents should be kept at the GO Foundation on behalf of the school.
- Goods or services purchased represent allowable costs for reimbursement in accordance with the terms of that contract or grant agreement.
- Goods or services received are recorded correctly as to account, amount, and period.
- Recorded acquisitions are for goods and services received.
- Adjustments to vendor accounts are made in accordance with school leadership authorization.
- Only authorized goods and services are accepted and paid for.
- Access to purchasing, receiving, and accounts payable records is adequately controlled to prevent or detect duplicate or improper payments.
- The purchasing process is not controlled by one individual. Purchasing duties, from initiation of requisition through paying for the purchase, are properly separated among employees.¹

Policies and Controls

- 3.1.1 Goods and services are purchased using the best combination of quality, service, and price.
- 3.1.2 Only authorized purchase commitments are made and received.

Agency Procedures to Implement These Policies

- 3.1.1 *Goods and services are purchased using the best combination of quality, service, and price.*

Purchase requests

All purchases and expenditures outside of petty cash are reviewed and approved by the *Principal/ Director of Operations* prior to purchase commitment. The *Office Manager* is then authorized to place orders for office and program supplies without additional approval.

Competitive bidding

The fiscal department is responsible for complying with the following competitive bidding policies when acquiring goods and services.²

More than one bid is required for the purchase of items costing \$5,000 or more. Written advertisements (including copies of web-based prices) of available products will be deemed acceptable evidence of bid

¹ As recommended by the Office of the State Comptroller.

² As recommended by the Office of the State Comptroller.

price. original bid documentation supporting the vendor selection and vendor invoice is reviewed by the any two of the following individuals: *Principal, Director of Operations, Finance Director, Office Manager or a Board Member*. For items or services costing \$10,000 or more, a formal request for proposals process will be conducted, where a written scope of work and/or price estimate is requested of three or more vendors.

Whenever the vendor selected is not the lowest bidder, reasons for the selection (*e.g.*, service, timeliness, special features) are documented and maintained with the disbursement documentation in the files.

Certain professional services, due to their nature, are not subject to the bidding process. However, the Board of Directors must approve any purchase or contract that costs \$5,000 or more. Purchases valued at \$5,000 will be presented to the Finance Committee for review prior to being brought before the Board for approval. The Board will review purchases for approval during its monthly in-person meetings.

Board members sign written conflict-of-interest statements on an annual basis (see Chapter 8) and employees sign disclosures as the need arises to maintain a high level of integrity from self-dealing issues.

Sole Sourced Vendors

In the rare exception where only one vendor is available for a product or service, the vendor is considered a sole sourced vendor. In the case of sole sourced vendors, no competitive bidding is required. Any sole sourced vendor purchases should be documented and approved by *Principal*.

Preferred Vendor Listing

The preferred vendor listing is maintained and updated by the *Office Manager* under the supervision of the *Principal*. GO BPT reviewed the list of the vendors from CSDE.

Minority & Women Owned Business Enterprises (M/WBEs)

GO-NYC will carry out the following good faith actions to encourage participation of M/WBE vendors in bidding processes:

1. Actively and affirmatively solicit bids for contracts and subcontracts from qualified MBEs or WBEs.
2. Ensure that plans, specifications, request for bids/proposals and other documents used to secure bids will be made available in sufficient time for review by prospective M/WBEs.
3. Document and maintain records of bid solicitation, including those to M/WBEs and the results thereof.

Purchases for GO BPT by Consultants

In the event an independent contractor or consultant's services to GO BPT include the purchase of supplies or equipment on behalf of GO BPT, the consultant shall comply in full with GO BPT's purchasing policies and procedures.

The E-Rate Discount

According to the Telecommunications Act of 1996, a Universal Services Order, commonly referred to as "E-Rate" (Education Rate), ensures that eligible libraries and schools have affordable access to modern telecommunications and information services. GO BPT utilizes E-Rate vendors for technology items.

Purchase Requests and the Issuance and Monitoring of Purchase Orders

Generation of Purchase Request

The purchase request package is to be prepared for all purchases and is to be initiated by the individual (Note: Employee) requesting the purchase. For example, teachers initiate requests for instructional supplies and material, the *Office Manager* initiate requests for maintenance supplies, and the office supply monitor initiates requests for office supplies. The *Office Manager, Director of Operations, Principal* and other staff may request purchases related to the educational and administrative operation of GO BPT.

The employee requesting the purchase completes a purchase order form, which includes a complete description of the items required, including quantity and description (and, if applicable, cost per unit and name of vendor). All educational staff first have Purchase Request Forms approved by their staff supervisor for programmatic purposes before receiving approval as outlined below. The employee includes the required bids for items over \$5,000, and obtains the proper authorization signatures on the Purchase Request Form as per the Pre-Approval Authorization Guidelines listed below. Where the vendor is the only provider of goods or services, “sole source” shall be indicated on the purchase order form with additional documentation.

Pre-Approval Authorization Guidelines		
Type of Purchase	Threshold	Approver
All education-related as well as office/administrative purchases	Up to \$4,999	Principal or Director of Operations
	\$5,000 and over	Board of Directors

The individual initiating the Purchase Order provides appropriate expense code, noting:

- Account number (code) with dollar distributions if applicable.
- Functional classification, if applicable.

Once the proper authorization has been obtained, the purchase order form is submitted to the school’s *DOO*.

Office and teaching supplies are to be purchased in batch orders by the following procedures:

The *School Aide* or the *Office Manager* checks inventory of common/general office and teaching supplies on a regular basis and creates Purchase Order to keep regular school supplies in stock.

Teachers may place requests for special/additional instructional supplies and equipment by following the process outlined above. When possible, the purchasing agent will batch these orders and prepare one Purchase Order for office and teaching supplies.

Purchases of supplies outside of the regular procurement cycle may be made using *GO BPT’s* petty cash and/or cost reimbursement procedures (see appropriate section in this manual).

Purchase Orders

Upon receiving authorization for the purchase, the *Office Manager* assigns the next sequential purchase order number to the approved Purchase Order. The *Office Manager or School Aides* ensures that the purchase orders contain all required information (order number, requisition number, vendor name,

amount, date issued, and the name of contract for expense allocation), and retains all “VOID” purchase orders.³ The *Office Manager* performs the following tasks:

- Places the order via the web or by faxing or calling the vendor with a list items as described in the Purchase Order;
- Place the Purchase Order in the accounts payable file to be used as supporting documentation for the check request form.

The *Finance Director* periodically researches vendors and requests quotes to ensure best value and avoid conflicts of interest. The *Finance Director*, in consultation with the *Principal/ Director of Operations*, annually reviews and recommends for approval, a list of approved office suppliers.

A purchase order cannot be issued to *GO BPT* employees.⁴

Exemption from sales tax

GO BPT is recognized as a tax-exempt organization under Federal, Connecticut, and local laws. As such, *GO BPT* is exempt from sales taxes on goods purchased for its own use. All purchasers are expected to use the sales tax exemption form for all purchases.

GO BPT staff may use the sales tax exemption form only when purchasing goods and services on behalf of *GO BPT*. Tax exemptions do not apply to hotel, airfare, or communication-related taxes such as those on telephone bills.

3.1.2 *Only authorized purchase commitments are made and received.*

Receipt of goods and merchandise

Vendor payment will not occur without proper documentation of the receipt of goods or services.⁵ The *School Aide, Administrative Associate/Office Manager, Principal, Director of Operations*, sign for and receives goods and merchandise and do the following:

- Verifies that each item on the packing slip has been received;
- Notes any back orders or discrepancies as to quantity or price; and
- Forwards the original documents (e.g. Packing slip) with noted discrepancies (if any) to the Finance Associate.

Additional requirements

Additional procurement requirements for specific government contracts are followed and procedures are modified as needed.

³ As recommended by the Office of the State Comptroller.

⁴ As recommended by the Office of the State Comptroller.

⁵ As recommended by the Office of the State Comptroller.

3.2 CASH DISBURSEMENTS - PROCESSING ACCOUNTS PAYABLE

INTERNAL CONTROL OBJECTIVES

Cash Disbursements

- Access to cash disbursements records is restricted.
- Cash disbursements are made for goods or services authorized and received.
- Cash disbursements are recorded correctly as to account, amount, and period.

Policies and Controls

3.2.1 Only authorized and accurate expenditures are made and recorded.

3.2.2 Only authorized and accurate check disbursements are made.

Agency Procedures to Implement These Policies

3.2.1 *Only authorized and accurate expenditures are made and recorded.*

Receipt of invoice

All mail is directed to the front office. Invoices are given to the *Finance Associate*, who is responsible for assembling the payment package, including:

- Purchase request
- Packing slip and/or receiving report
 - For invoices received for goods and services where no receiving report exists, the *Finance Associate* receives written confirmation of receipt either via a goods received form or signature on the invoice from the receiver of the goods. For the service invoice recipient signing the invoice is considered sufficient as the indication that the services were received.
- Invoice

The *Finance Associate* is responsible for

- Ensuring that appropriate approval has been obtained on a purchase order form.
- Ensuring that the receiving documentation and invoice have been received.
- Matching the cost and items received on the invoice, original packing slip and approved Purchase Order. Any discrepancies of 10% or over of the cost on the invoices compared to the purchase order or discrepancies in units ordered and received are analyzed and resolved in coordination with the purchaser prior to payment.
- Investigating and resolving any outstanding back order issues
- The *Finance Associate* is responsible for ensuring that all payment packages are supported by adequate documentation before a check is issued.⁶

⁶ As recommended by the Office of the State Comptroller.

- The *Finance Associate* is responsible for creating check request form as a cover sheet for the package.

Once the payment packages are complete, the *Finance Associate* will forward the packages to the *Principal/ Director of Operations* for review and approval.

Principal/ Director of Operations review the payment packages for completeness and verifies that all supporting documentation is attached, and authorizes the packages for payment by initialing and date or via email confirmation. If documentation is incomplete or missing, the package is returned to the *Finance Associate* for completion.

Other payment requests

Disbursements are made based on original invoices. In the case that there is no invoice (for example, a travel advance) the employee requesting the disbursement prepares the request in writing, and submits it to the *Finance Associate* and *Principal/ Director of Operations* for approval. Once approved, this request is processed in the same manner as an invoice.

Expenses are supported by documentation that indicates the basis for the allocation of costs or other independent supporting documentation such as a rent invoice or real estate tax assessment statements.⁷

3.2.2 Only authorized and accurate check disbursements are made.

Paying invoices

As determined by *GO BPT's* timetable for payments, the *Finance Associate* runs an Aged Payables report and forwards the report to the *Principal/ Director of Operations* who review and selects invoices to be paid based on the terms of the invoice. The *Finance Associate* then selects the invoices approved for payment within the accounts payable module, which updates vendor balances and permits checks to be printed. The *Finance Associate* prints checks using blank check forms. The physical checks are reviewed for proper printing.

Check writing security

All blank check stock is kept in a locked cabinet, access to which is limited to the *Finance Associate* and *Principal*.

Under occasional circumstances, the *Principal* has the authority to issue manual checks. The *Principal / Director of Operations* submit the invoice and check stub to the *Finance Director* or *Finance Associate* to enter into the accounting system. The *Finance Director* ensures all manual checks are accounted for during the bank reconciliation process.

⁷ As recommended by the Office of the State Comptroller.

Authorized signatures

Authorized check signers include the *Principal, Director of Operations*, and authorized Board members (Board Chair, Board Treasurer). A Board signatory is required on bank checks and wire transfers of \$5,000 and above.

Authorization Guidelines		
Bank Checks & Third Party Wire transfers	\$0 - \$4,999	<i>Principal/ Director of Operations</i>

No employee may sign a check payable to him/herself. On an annual basis, the Board Treasurer submits a list of all bank accounts and authorized signers to the Board of Directors for approval.

Mailing checks

After obtaining signatures, the *Finance Associate* verifies that the check and stub properly identifies the invoice being paid. The *Finance Associate* then copies the check and invoice together and mails the check to the vendor. The stub and one copy of the check are attached to the original invoice and filed in the paid bills files by vendor. Copies of all voided checks should also be included in the check binder.

3.3 CREDIT CARDS

Policies and Controls

- 3.3.1 Only authorized personnel are issued credit cards and must agree to adhere to *GO BPT's* credit card policies.
- 3.3.2 Policies ensure that only appropriate expenses are reimbursed.
- 3.3.3 All supporting documentation is received prior to payment.
- 3.3.4 Employees will reimburse *GO BPT* for non-reimbursable expenses.

Agency Procedures to Implement These Policies

- 3.3.1 *Only authorized personnel are issued credit cards and must agree to adhere to GO BPT's credit card policies.*

Issuing credit cards

The *Principal* can be issued a card with approval from two members of the *Executive Committee of the Board*. Other employees can be issued a card with approval from the *Principal* and a member of the *Executive Committee of the Board*. The school credit card to be used for business purposes only. Employees who receive a credit card are required to sign a cardholder agreement. Individuals who do not adhere to these policies and procedures risk revocation of their credit card privileges and/or disciplinary action, up to and including termination.

Agency credit cards are issued in the name of the employee and the employee is responsible for:

- Ensuring security of the credit card;
- Restricting use to business purposes; and
- Reviewing all balances on the account.

- 3.3.2 *Policies ensure that only appropriate expenses are reimbursed.*

Proper and improper use of cards

The credit card may be used for authorized travel, administrative, and program-related expenses incurred during the course of conducting business. The credit card is never to be used for personal expenses. Cash advances on credit cards are prohibited.

Procedures regarding pre-approvals for purchases and competitive bidding apply to all credit card purchases over \$5,000. Additionally, cardholders should make every effort to ensure that purchases do not include sales tax.

Transaction limits

The spending limit for each credit card issued must be adhered to, and cardholders must monitor their usage to ensure that spending does not exceed the limit.

- 3.3.3 *All supporting documentation is received prior to payment.*

Documentation and recordkeeping requirements

An employee may request use of the credit card and must obtain pre-approval for items over \$ 5,000. After making the purchase, the employee submits original receipts to the *Principal* within 24 hours of the purchase. Principal then forwards the information to the Finance Associate who codes expenses to the appropriate projects. The *Finance Associate* reconciles all receipts to the monthly credit card statement. Any discrepancies are brought to the attention of the *Principal and Finance Director*.

Periodic review of credit card use

The *Principal* approves all payments to credit card company and in so doing reviews all charges to the cards. The Board of Directors is responsible for ensuring all purchasing policies are adhered to for credit card transactions. The monthly review and reconciliation process is delegated to GO Foundation. The reconciliation process includes the collection of all backup documentation for charges (receipts). The GO Foundation provides the Board Treasurer with a monthly report of credit card charges made by the *Principal*. In the absence of a Treasurer, the Board Chairperson performs reviews of the monthly reports.

3.3.4. *Employees will reimburse GO BPT for non-reimbursable expenses.*

Cardholders who use *GO BPT* -issued credit cards improperly will be held liable for any and all unapproved purchases. Because *GO BPT* pays the credit card company directly, employees will reimburse *GO BPT* for 3 days of notification by the Principal.

3.4 PETTY CASH

Policies and Controls

- 3.4.1 Petty cash funds are properly managed and monitored.
- 3.4.2 Petty cash is used to reimburse appropriate expenditures below \$50 when other methods of payment are impractical due to timing or other logistics.
- 3.4.3 *GO BPT* maintains a petty cash fund in a reasonable amount, which is replenished on an as-needed basis.

Agency Procedures to Implement These Policies

- 3.4.1 *Petty cash funds are properly managed and monitored.*

Safeguarding Petty Cash

Petty cash funds are held in a locked cash box and stored in a locked safe or a locked cabinet. The storage area for the cash box is not located in a heavily trafficked area of the office or open to public viewing. Keys to the cash box are stored securely. Access to the keys and safe/cabinet and combinations is restricted to the *Director of Operations*.

Petty Cash accounts are kept on an as-needed basis.

Processing Petty Cash Disbursements

The Director of Operations / Finance Associate are responsible for coding petty cash disbursements to the appropriate categories in a petty cash log. The Finance Director approves the petty cash log, and the *Finance Associate* posts the expenses to the general ledger for the petty cash account.

Petty Cash Reimbursement

Whenever possible, the employee shall make the purchase with personal funds, with prior approval from a supervisor. The employee will then complete a petty cash reimbursement form (either on paper or electronically), which includes information (1) to whom the funds were disbursed, (2) the reason for the disbursement, and (3) the general ledger account to which the disbursement will be recorded. The employee submits the original receipt (or an electronic copy) to the *Director of Operations* or Principal. Both *Director of Operations* / Principal and the employee must sign the voucher and confirm the receipt of cash.

Petty Cash Advance

On an exception basis, in cases where the employee is not able to make the purchase with his or her own funds, a petty cash advance can be issued. The employee must first secure approval from the appropriate supervisor and then complete a cash advance form. The custodian will advance no more than \$500 to the employee and hold the Voucher until the purchase has been made. Once the purchase has been made, the employee must submit any appropriate receipts and unspent funds to the custodian.

Petty Cash and MetroCard Surprise Counts

On a periodic basis, the *Finance Director or Principal* performs an unannounced audit of the petty cash fund to compare receipts in the box with the petty cash balance. These counts are documented and retained, and any discrepancies are reported to the Principal for immediate investigation.

3.4.2 *Petty cash is used to reimburse appropriate expenditures below \$200 when other methods of payment are impractical due to timing or other logistics.*

Appropriate Use of Petty Cash Funds

Petty cash funds are to be used only for small, unexpected transactions related to office, travel, and program expense. A single petty cash transaction amount may not exceed \$200. Payment for items of a higher value should be made through normal accounts payable processing, or by means of a corporate credit card. Petty cash funds are not to be used to bypass regular accounts payable and purchasing procedures and should only be used on an exception basis.

3.4.3 *GO BPT maintains a petty cash fund in a reasonable amount, which is replenished on an imprest basis*

Fund Limit

A document containing petty cash account balances, limits and custodians for all accounts will be maintained by the *Director of Operations*. The Petty Cash accounts will be maintained in an amount not to exceed \$600.

Fund Replenishment

To replenish the Petty Cash fund, a petty cash replenishment form is used to summarize all petty cash vouchers, receipts, and replenish the petty cash fund on an as-needed basis.

The Finance Director adds up the receipts for the petty cash used, reconciling the receipts with the amount of cash remaining in the fund. The amount requested for replenishment plus the amount of cash remaining in the fund must always equal the total amount of the petty cash fund. The *Finance Associate* then reviews the count and Principal approves the replenishment request.

Petty cash reimbursement checks are made payable to the petty cash custodian and are not made payable to "cash" or bearer. The *Director of Operations* subsequently cashes the check and replenishes the fund. TI will strive to avoid petty cash and miscellaneous non-explicit accounting.

3.5 EMPLOYEE TRAVEL AND BUSINESS EXPENSE

Policies and Controls

- 3.5.1 All travel and business expenses are pre-approved.
- 3.5.2 Travel and business expenses are kept to a reasonable level.
- 3.5.3 Expense reporting is complete, supported with appropriate documentation, and submitted on a timely basis for proper processing.

Agency Procedures to Implement These Policies

- 3.5.1 *All travel and business expenses are pre-approved.*

Overnight and out of town travel approval

All overnight and out of town travel must be reviewed by the *Principal*. The *Principal's* overnight and out of town travel must be pre-approved by the *Finance Director*. This authorization is included for school trips involving students.

A request for authorization of overnight travel should include:

- Name(s) and title(s) of employee(s) (and students) traveling;
- Purpose of travel;
- Destination;
- Estimated cost for transportation (plane, train, bus, auto), meals and lodging, and registration fees; and
- Date of departure and date of return.

The appropriate authorization of this request can be obtained via email.

Method of payment

An employee can pay for travel and business expenses via a variety of methods.

- Use of **company credit card** (as applicable), by authorized user only.
- Use **personal funds** and be reimbursed by *GO BPT* after submitting receipts and an approved Expense Reimbursement request.
- A **cash advance** for travel and business expenses may be granted. A cash advance must be approved by the appropriate manager and submitted to the Finance. Last minute requests will not automatically be granted and the teacher may have to find a Plan B approach.

- 3.5.2 *Travel and business expenses are kept to a reasonable level.*

Overnight and out of town travel expenses

Overnight and out of town travel will be reimbursed consistent with domestic per diem rates published by the U.S. General Services Administration. Costs incurred by the employee above these published amounts will not be reimbursed by *GO BPT*. Federal per diem rates vary by location. Information on current rates can be found at www.gsa.gov/HP_01Trvl_perdiem.

Local travel

To the extent possible, employees will use public transportation or common carrier for all local travel. Taxis or car services are permitted in some situations (*e.g.*, if there is a safety concern) with appropriate approval.

Only authorized employees may drive their personal vehicles for official business. Employees may be reimbursed at current allowable IRS rates. Driving directions between locations serve as appropriate documentation for mileage reimbursement.

Parking and tolls will be reimbursed upon presentation of receipts. Gas is not reimbursable for employee-owned vehicles; the standard mileage rate assumes gas and normal wear and tear.

Regular commuting expenses are not reimbursable.

3.5.3 *Expense reporting is complete, supported with appropriate documentation, and submitted on a timely basis for proper processing.*

Completion of an expense reimbursement form

Reasonable travel and business expenses incurred by employees necessary to *GO BPT* operations are reimbursed upon submission of an expense reimbursement form with appropriate supporting documentation. Expense reports must include complete descriptions of expenses, including the date the expense occurred, the activity for which it occurred, and the business purpose fulfilled by the activity. Employee expense reports are to be completed electronically as soon as possible but no later than 10 business days after completion of travel. For the reimbursement to employee expense reimbursement form can be used in lieu of a purchase order form.

Inclusion of appropriate supporting documentation

Receipts supporting travel and business expenses are required for all amounts, except for subway or local bus travel. Original receipts must be sent in according to standard TI protocol via the Expense Reimbursement procedure.

Approval and submission of form

All employee expense reports are reviewed and approved by the *Principal/ Director of Operations*. The *Principal/ Director of Operations* ensures that expenses are reasonable and in accordance with organization policies, and is responsible for providing the coding information to the Finance Associate expenses to the appropriate general ledger accounts and ensuring appropriate approval has been obtained. The Expense Reimbursement Form is then treated in the same manner as an invoice. All expense reports from the *Principal* are reviewed by the *Finance Director*.

Travel Advances

On an exception basis, advances may be requested prior to a business trip. Advances must receive proper approval from the appropriate manager and be made in advance of anticipated travel using a cash advance form.

Following the completion of travel, a copy of a cash advance form, receipts documenting purchases made, and unused cash must be returned to the Fiscal office. The *Finance Associate* reconciles the original cash advance with the receipts and cash returned to ensure that all assets are accounted for.

3.6 USE OF CELL PHONES

Policies and Controls

3.6.1 Reimbursement of cell phone service is monitored on an ongoing basis.

Agency Procedures to Implement These Policies

3.6.1 *Reimbursement of cell phone service is monitored on an ongoing basis.*

Cell phone service is provided to authorized employees of *GO BPT* with the approval of the *Director of Operations or Principal* for the purpose of conducting legitimate school business.

Cell phone holders will be required to sign a cellphone use agreement indicating they accept these terms. Individuals who do not adhere to these policies and procedures risk revocation of their cell phone privileges and/or disciplinary action.

Persons who use *GO BPT* issued cell phones improperly will be held liable for any and all unapproved expenses.

Justification of Need

In order to be considered to receive an agency issued cell phone or for reimbursement, the duties required of the position must meet at least one of the criteria defined below:

- On-call duties;
- Major job performance and responsibilities are away from assigned work area;
- Need to be in contact with office or other TI teachers or employees or parents in support of charter school responsibilities;
- Transporting children; or
- Other authorized.

Authorization

The *Office Manager or Principal* is responsible for receiving the approved forms for cellular usage, authorizing the issuance of cell phones to *GO BPT* employees, and maintaining the list of all cell phones and cell phone holders. When a new cell phone is required, the *Office Manager* conveys the necessary information to the *Principal or Director of Operations*, who is responsible for establishing cellular service for employees and issuing cell phones to employees. The *Director of Operations* is the liaison between *GO BPT* and the cell service provider. The *Office Manager* is responsible for monitoring the usage on a monthly basis.

Appropriate Use

Agency cell phones should be used for legitimate business.

Terms and Conditions

If the employee is approved to receive an agency issued cell phone, the employee must agree to abide by the cell phone policy and the fixed assets policy of *GO BPT*. Employees who are issued agency cell phones will be required to sign a cell phone user agreement indicating agreement to the policy terms and conditions. If the policies are not followed, the employee will be required to return the cell phone to the *Director of Operations*. Access privileges may be revoked at any time and for any reason. Abuse of the cell phone policy may result in disciplinary action.

Public Documents

Cell phone statements are public documents and could be disclosed at any time. The Office Manager or *Director of Operations* will perform reviews of compliance with cell phone policies and procedures.

Periodic Review

The *Finance Associate* will perform periodic reviews of monthly cell phone bills to ensure compliance with *GO BPT* outlined policies and procedures.

Annual Reporting

GO BPT will conform to all regulations regarding the reporting of employer-provided cell phones or reimbursement of cell phone service as a taxable fringe benefit.

CHAPTER 4. Personnel and Payroll

4.1 PERSONNEL

INTERNAL CONTROL OBJECTIVES

Payroll

- Salary, wage, and benefit expenses are incurred only for work authorized and performed.
- Salaries, wages, and benefits are calculated at the proper rate.
- Salaries, wages, benefits, and related liabilities are recorded correctly as to account, contract or grant agreement, program amount, and period.
- Allocations of payroll costs to functions, programs, contracts, and grants are supported by adequate documentation.
- Employee payroll withholdings and special deductions are based on signed authorizations by employees.

Policies and Controls

- 4.1.1 Personnel files are maintained and stored securely to limit inappropriate access to confidential information.
- 4.1.2 Personnel files include updated information required by local, state, and federal law.

Agency Procedures to Implement These Policies

- 4.1.1 *Personnel files are maintained and stored securely to limit inappropriate access to confidential information.*

The Finance Associate accumulates information and files it in the employee personnel file along with documentation of all employee pay or job status changes. All new hires, promotions, demotions, terminations and changes in salary are supported by a personnel action form.

The personnel file is kept both locked and confidential. Access to personnel files is limited to the Principal, *Director of Operations, Finance Director, Finance Associate, and Office Manager.*

- 4.1.2 *Personnel files include updated information required by local, state, and federal law.*

All personnel files include the following:

Offer of employment and job description

Every full-time position at *GO BPT* is supported by an offer of employment which includes both the job title and a description of duties. The offer of employment also reflects an employee's designated reporting relationships as well as his or her salary or wage rate.

Completed and signed W-4 forms

The completed W-4 forms serves as a basis for employee withholding. An employee may amend his/her withholding allowances as needed. Employees are required to file an amended W-4 form to the *Finance Associate*.

When a W-4 form is received, the *Finance Associate* must ensure compliance with the withholding instructions in the next payroll cycle. Although not obligated to evaluate an employee's number of exemptions, *GO BPT* has two duties relating to the contents of Form W-4:

- Report excessive allowances. *GO BPT* sends copies of all W-4 forms claiming more than 10 withholding allowances along with *GO BPT's* Form 941 to the IRS.
- Report full exemptions. *GO BPT* is required to send the IRS all claims for full exemptions from withholdings by employees with normal weekly wages of more than \$200.

Because of their importance to both the IRS and to employees, *GO BPT* retains signed original W-4 Forms (no copies), in accordance with its document retention policies. The withholding instructions continue to apply until the employee amends the W-4 form.

Employee classifications

Employee minimum wage and overtime requirements are set by the Fair Labor Standards Act (FLSA) and the State where *GO BPT* operates. Each position is reviewed by the Principal/ *Director of Operations and Finance Director* to determine whether it is exempt or not exempt from the provisions of the FLSA.

Employees work authorization

In accordance with the Immigration Reform and Control Act of 1986 (IRCA), between the time *GO BPT* offers employment and the third day after a new employee starts employment, *GO BPT* is required to inspect certain documents (chosen by the employee) proving the employee's identity and authorization to work in the United States and complete INS Form I-9. Failure to properly complete and maintain INS Forms I-9 may carry penalties.

All Form I-9s will be retained in accordance with *GO BPT's* document retention policies.

State of Connecticut requirement to report new hires

Chapter 81 of the Laws of 1995 requires that all employers report to the State of Connecticut Department of Taxation and Finance certain identifying information about each newly hired employee within 15 days of the employee being hired. The purpose of the New Hire Program is to facilitate the accurate and prompt determination of child support obligations so that all children will receive the financial support to which they are entitled. The payroll processing company provides this service for *GO BPT*.

Connecticut Fingerprinting and Background Check Requirements

GO BPT fulfills the Bridgeport requirements for charter schools by ensuring that all staff members who may have contact with children are fingerprinted and have received background checks.

4.2 PAYROLL

Policies and Controls

- 4.2.1 Payroll is processed for work performed.
- 4.2.2 Payroll amounts and deductions are properly calculated, processed, and recorded in the accounting system according to the employee's status as either full time (exempt) or hourly (non-exempt).
- 4.2.3 An individual independent of payroll recording or processing responsibilities distributes paychecks in a timely and confidential manner.
- 4.2.4 Terminated employees are promptly removed from the system to prevent unauthorized or erroneous payroll disbursements.

Agency Procedures to Implement These Policies

4.2.1 *Payroll is processed for work performed.*

Employees who are allocated to only one function but whose offer letter stipulates they receive bonus compensation for "extra" hours worked should use timesheets to report "extra" hours, vacation time, sick time, etc. Loans to employees are not permitted. Salary advances to employees are not permitted. Office Manager files the attendance sheet in a binder. Periodically the Principal or Finance Associate or Finance Director will review the binder of attendance sheets for accuracy and completeness.

4.2.2 *Payroll amounts and deductions are properly calculated, processed, and recorded in the accounting system.*

Processing of all payroll updates

The supervisor initiating the personnel change communicates new hires, pay increases and decreases, and terminations immediately upon status change of an hourly or salaried employee via a personnel action form to the *Finance Associate*. The *Principal / Director of Operations* approve, then returns the form to the *Finance Associate* for timely status change in the payroll master file at least 3 days prior to the end of the pay period for processing in the current pay period. A payroll signoff form is filed in the employees' personnel file and a copy is filed in the payroll file. Any change to the payroll via personnel action form is reviewed and signed off by the *Finance Director*.

Calculating gross pay

Full time annual gross salary information is provided by the Principal and paycheck calculated by the payroll processing firm. For employees who are paid based on the number hours and/or days worked from the approved and submitted time records using the most recent approved pay rate for that employee.

Payment of overtime

All state and federal laws and regulations are followed when calculating pay for overtime worked by hourly employees. *Finance Associate* takes overtime hours worked by hourly employees into account while processing the payroll.

Salary allocations

GO BPT may allocate employees' time on the basis of program or department assignments. Salaries and wages are then allocated by functional area (program, administration, and fundraising). These allocations are determined by the Principal on an as needed basis. Payroll is posted to the general ledger to reflect these allocations.

Processing deductions

To accurately compute an employee's net pay, *GO BPT* accumulates the nature and amount of any other payroll deductions, such as for retirement plans, insurance, or loan repayments. Original documents supporting the authorization of each deduction are maintained in the employee's personnel file. The Fair Labor Standards Act (FLSA) requires payroll records to clearly show the date, amount, and description of deductions from wages.

Processing payroll

Payroll is processed by the *Finance Associate or Principal* on a bi-weekly basis using a payroll processing company. The payroll processing company calculates gross pay and all withholdings, prints paychecks including pay vouchers for direct deposit, transmits payroll taxes and produces quarterly and annual payroll tax returns. The payroll processing company provides a payroll system that is reviewed and implemented by the Principal for accuracy and completeness.

If the payroll is processed by the Finance Associate, the Principal reviews and authorizes the payroll before submission. Principal or Finance Director also oversee the checks / direct deposits paystubs to the Office Manager for distribution to employees and the payroll reports package to the *Finance Director* and/or Treasurer.

If the payroll is processed by the *Principal*, either *Treasurer* or *Finance Director* review and authorize the payroll before submission. *Principal* or *Finance Director* also oversee the checks / direct deposits paystubs to the *Office Manager* for distribution to employees and the payroll reports package to the *Finance Director* and/or *Treasurer*.

Recording payroll into the general ledger

Based on the payroll processing company records, the Finance Associate or Finance Director records the payroll into the general ledger on a monthly basis. The payroll reports are secured with the payroll files.

Reconciliation of the payroll accounts

On a monthly basis, the *Finance Associate* reconciles deductions made from employees to the payments made to insurers, benefit plan providers, and other payees.

On a quarterly basis, the Finance Director performs a reconciliation of all salary accounts in the general ledger, as compared to the salary reported by the payroll processing company on the Quarterly Payroll Return (IRS Form 941). Any variances are researched and cleared in a timely manner. Payroll reconciliations are further researched by the *Finance Director*.

On an annual calendar basis, the Finance Director or Finance Associate also performs a reconciliation of the following:

- Gross salaries per all Form 941
- Gross salaries per W-2 forms
- Gross salaries per General Ledger
- Variances

4.2.3 *An individual independent of payroll recording or processing responsibilities distributes paychecks in a timely and confidential manner.*

Distribution of paychecks

All payroll checks (non-direct and direct deposit) are distributed to the employees by the *Director of Operations*.

4.2.4 *Terminated employees are promptly removed from the system to prevent unauthorized or erroneous payroll disbursements.*

Upon termination of an hourly or salaried employee, the supervisor communicates the termination to the Principal / *Director of Operations* via a personnel action form. The Principal/ *Director of Operations* approves the personnel action form, which is then delivered to the Finance Associate for timely status change in the payroll master file. A original personnel action form is filed in the employees' personnel file and a copy is filed in the employee's payroll file.

The *Finance Director* ensures that terminated employees and those who have resigned are removed from the payroll immediately after their final paycheck has been processed. The *Finance Associate* processes the change for the last payroll check based on the date of termination.

4.3 INDEPENDENT CONTRACTORS AND CONSULTANTS

Policies and Controls

- 4.3.1 Prior to entering into a consultant agreement, *GO BPT* must determine that the relationship meets the criteria outlined by the Internal Revenue Service for consulting relationships.
- 4.3.2 Each consulting arrangement is supported by a consultant agreement and appropriate documentation of services received prior to payment.
- 4.3.3 Each consulting arrangement is reviewed and documented to ensure that the consultant qualifies for consultant status and not for classification as an employee.
- 4.3.4 Consultants must follow *GO BPT* purchasing policies and procedures.

Agency Procedures to Implement These Policies

- 4.3.1 *Prior to entering into a consultant agreement, GO BPT must determine that the relationship meets the criteria outlined by the Internal Revenue Service for consulting relationships.*

Reclassification as an employee by the Internal Revenue Service can trigger additional payroll taxes and potential penalties to *GO BPT*. The traditional tests to determine whether a worker is an employee or independent contractor involve the concept of control. Are the services of the worker subject to the employer's will and control over what must be done and how it must be done? Facts that provide evidence of the degree of control and independence fall into three categories: *behavioral control, financial control, and the type of relationship of the parties.*

The table in Appendix B summarizes these factors. *GO BPT's Director of Operations* uses this table to begin his or her analysis of the independence of the contractor.⁸

- 4.3.2 *Each consulting arrangement is supported by a consultant agreement and appropriate documentation of services received prior to payment.*

Consulting agreements

Certain professional services, due to their nature, are not subject to the competitive bidding process (see Chapter 3.1). However, any purchase or contract that costs \$5,000 or more must be approved by Board of Directors.

Every consulting arrangement must be supported by a consultant agreement and a completed W-9 prior to payment.

Payment for services rendered

In order to be paid, consultants must present an invoice indicating deliverables, hours worked, and dates of service covered by the invoice presented. The invoice must be approved by the person in charge of the engagement in addition to any other approvals required by the check approval process.

- 4.3.3 *Each consulting arrangement is reviewed and documented to ensure that the consultant qualifies for consultant status and not for classification as an employee.*

⁸ As recommended by the Office of the State Comptroller.

Determination of consultant status

Prior to entering into a consulting arrangement, *GO BPT's* Principal will determine that the arrangement meets the criteria outlined by the Internal Revenue Service for independent contractors. Reclassification as an employee by the IRS can trigger additional payroll taxes and potential penalties to the agency.

Specific guidance and examples from the IRS may be found in the Employer's Supplemental Tax Guide, Publication 15-A, found on the internet at <http://www.irs.gov>.

The *Finance Director* or Board Treasurer will review all consulting agreements.

Documenting consultant status

The consulting agreements are annually reviewed to ensure that the contents are in accordance with current Internal Revenue Service guidelines for consulting relationships.

The *Finance Associate* or Principal maintains a file of consulting agreements and supporting documentation. All consulting arrangements are documented in a written agreement stating the following:

- Name, address and tax identification number/Social security number of the consultant (Form W-9);
- Dates covered by the agreement;
- Services to be performed or work product to be delivered;
- Time frame for completion of the deliverables;
- *GO BPT* staff person in charge of the engagement;
- Dollar amount of the agreement, including additional expenses (if any) for which the consultant is to be reimbursed;
- Contract termination clause;
- Confidentiality statement; and
- Other special arrangements.

4.3.4 *Consultants must follow GO BPT purchasing policies and procedures.*

Consultants making purchases of supplies, equipment or other items on behalf of *GO BPT* must comply in full with *GO BPT's* purchasing policies and procedures outlined in Chapter 3 of this manual.

The consultant must sign and adhere to *GO BPT's* consultant contract agreement and abide by *GO BPT's* purchasing policies. The consultant must obtain the appropriate approval for all purchases and secure documentation for each item purchased, detailing the item's description, cost, quantity, seller, and date of purchase.

CHAPTER 5. Grants and Contracts Management

Policies and Controls

- 5.1.1 Government funding is appropriately and accurately managed, secured, allocated and reported on to funding source.
- 5.1.2 Grants and contracts are managed to minimize agency risk and maintain fiscal integrity.

Agency Procedures to Implement These Policies

- 5.1.1 *Government funding is appropriately identified, secured, managed, and maintained.*

The Principal or *Director of Operations* will coordinate the preparation and submission of proposals with other applicable staff. The *Finance Director/ Director of Operations / Director of External Affairs* will prepare the RFP budget based on the direct and indirect costs for the program for which funding is being requested. The Principal or *Director of Operations* and other staff will identify funding opportunities. The Principal will notify the *Finance Director* and relevant staff when grants are received, the timeframe and purposes of the grant, and the reporting requirements.

The *Finance Director* supports any and all proposal writers in developing the budgets for these proposals. Prior to its submission, the Principal approves the budget.

- 5.1.2 *Grants and Contracts are managed to minimize GO BPT's risk and maintain fiscal integrity.*

Contracts Management

Once *GO BPT* has been awarded a grant or contract, a centralized file is created for the contract documents in the Fiscal Department.

The *Principal* and *Director of Operations* are authorized signatories for school contracts. Board member signatories (i.e. Board Chair, Board Treasurer) are required to execute contracts valued over \$5,000.

The *Finance Director* and the *Finance Associate* develops internal management reporting tools such as a schedule of reporting deadlines, prepare and submit vouchers, monitor fiscal and program reporting compliance, respond to grantor inquiries, monitor budgeted to actual expenses and provide relevant staff with regular fiscal reports for program management purposes. They also work with relevant staff to prepare and submit budget modifications when necessary.

Allowable Expenses

GO BPT acknowledges that certain costs are not allowable by government funding sources. Each contract contains information regarding allowable and unallowable expenses that must be adhered to in order to remain in compliance. The *Finance Director* will maintain each contract and provide ongoing information pertaining to allowable and disallowable expenses.

Allowable costs for federally funded programs must meet the following criteria:

- Be reasonable for the performance of the award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
- Be accorded consistent treatment.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

Unallowable direct costs may include:

- Alcoholic beverages
- Entertainment
- Goods or services for personal use
- Staff housing and personal living expenses
- Interest, fund raising, and investment management costs
- Lobbying
- Memberships, subscriptions, and professional activity costs
- Recruiting costs
- Severance pay
- Training and education costs

The chart below is a summary of grant/contract management roles and responsibilities.

	<i>Principal</i>	<i>Director of Operations</i>	<i>Finance Director / Finance Associate</i>	Grant Writer Consultant
Contract Planning				
Identify government funding opportunities	X	X	X	X
Receives and reviews RFP	X			X
Prepare proposal				X
Prepares budget for RFP	X	X	X	X
Approves budget prior to submission	X			
Assembles and submits proposal		X		X
Contract Formation				
Receives award notification	X			
Post award assessment		X		

Completes follow-up docs for funder				X
Signs and accepts award	X			
Receives executed contract	X			
Conducts contract orientation		X	X	X
Contract Management				
Maintains organization-wide cost allocation plan			X	
Creates and maintains contract file				X
Creates and distributes contract management plan		X		
Communicates different contract requirements to Staff (via email/memo)		X		
Enters budget into accounting system			X	
Assigns accounting codes to invoices and allocates expenses		X		
Produces monthly expense reports			X	
Prepares and submits voucher to funder			X	X
Responds to funder inquiries				X
Resolves disallowances				X
Monitors funder payments			X	
Follows up on aged receivables		X		
Determines need for budget modification	X	X	X	X
Prepares budget modification		X	X	X
Submits budget mod. to funder				X
Monitor fiscal compliance		X		
Manages fiscal audits			X	
Monitor program compliance	X			
Manages program audits	X			
Conduct quarterly review meetings (as needed)		X		
Evaluate contract performance		X		
Submit renewal application		X		

CHAPTER 6. Reporting, General Ledger and Financial Statements

6.1 BUDGETING

Policies and Controls

- 6.1.1 A budget is produced on an annual basis and approved by the Board of Directors prior to the start of the new fiscal year. During the year, any significant increases or decreases to the budget are approved.
- 6.1.2 Bank accounts are reconciled on a monthly basis and reconciliations are appropriately approved.

Agency Procedures to Implement These Policies

GO BPT developed a five-year budget plan as part of the application process when *GO BPT* received its charter. On each subsequent renewal of its charter, *GO BPT* develops a new five year budget.

Budgeting Planning Evaluation by CSDE

GO BPT's budgeting and long range planning is reviewed periodically by its authorizer and reviewed in detail when *GO BPT* comes up for renewal of its charter.

- 6.1.1 *A budget is produced on an annual basis and approved by the Board of Directors. Any significant increases or decreases to the budget are approved.*

Annual Budget development process

Planning for the next fiscal year begins no later than the close of the third quarter of the current fiscal year. The *Principal* initiates the budget development process and collaborates with the *Chief Operating Officer, Finance Director, Executive Vice President & Director of Operations* to produce an initial draft budget reflecting intended plans for the following year.

Approval of the budget

The draft budget is submitted to the *Finance Committee* for review and comment.

The *Finance Committee* reviews and approves the budget prior to the June Board meeting. The full Board of Directors reviews and approves the budget at or before its June meeting.

Budget monitoring and reporting

The Board-approved budget is entered into the accounting system by the *Finance Associate*. On a monthly basis, the *Chief Operating Officer* produces the budget comparison reports reflecting variances between budget and actual revenues and expenses by program. The *Principal & Chief Operating Officer* meet monthly to discuss any major variances within the budget comparison reports.

Budget modification

If there are significant material changes in the organization's financial projections, the *Chief Operating Officer*, in consultation with *Principal & Director of Operations*, proposes changes to the operating budget and submits them to the *Finance Committee* for review. Budget modifications are approved by the *Board of Directors*.

6.1.2 *Bank accounts are reconciled on a monthly basis and reconciliations are appropriately approved.*

Bank reconciliations

All bank statements are mailed to and delivered to the Principal, who opens them and reviews them for unusual activity, initials and submits to the *Finance Associate*. The *Finance Associate* reconciles the bank statements to the accounting records. The *Finance Associate's* review includes:

- Comparison of canceled checks with the disbursement journal as to number, date, payee and amount;
- Accounting for the sequence of checks;
- Examination of cancelled checks for authorized signatures, irregular endorsements or alterations; and
- Review of voided checks.

Bank reconciliations are performed monthly in order to best compare bank balances to balances in the general ledger cash accounts. Any discrepancies or unusual items or exceptions are investigated and resolved by the *Finance Director* and communicated to the Principal. The *Finance Director* ensures that any voided checks are accounted for in the check register.⁹

The monthly bank reconciliation is provided to the *Finance Director* for review and approval with initials, on a monthly basis. The state recommends that bank reconciliations are prepared within 30 days of the statement end date.

⁹ As recommended by the Office of the State Comptroller.

6.2 MONTHLY CLOSE AND FINANCIAL REPORTING

Policies and Controls

- 6.2.1 *GO BPT performs a monthly, quarterly, and annual closing process of the accounting records on a timely basis.*
- 6.2.2 *Financial reports are provided by the Chief Operating Officer to the Principal, Director of Operations and the Board of Trustees on a timely basis to facilitate effective monitoring and oversight.*

Agency Procedures to Implement These Policies

- 6.2.1 *GO BPT performs a monthly, quarterly, and annual closing process of the accounting records on a timely basis.*

Monthly close process

GO BPT completes its preliminary monthly accounting close by the third week of the month for the previous month. The *Finance Director* conducts this process. During the closing process, all bank reconciliations are completed, and appropriate month-end adjustments are recorded. These include:

- Confirming that all control accounts agree to the subsidiary ledgers;
- Recording standard general journal entries;
- Reconciling payroll records and the related taxes (quarterly);
- Reconciling bank statements, general ledger accounts, and the trial balance;
- Printing and reviewing the cumulative general ledger, trial balance, revenue and expense accounts;
- Analyzing and investigating any discrepancies or significant variances; and
- Recording all accruals including grant revenues, receivables, and accounts payables.

- 6.2.2 *Financial reports are provided to school leadership, the Board of Trustees and regulating agencies on a timely basis to facilitate effective monitoring and oversight.*

Financial reports for management

The monthly closing process generates the following reports:

- Statement of Financial Position (“Balance Sheet”);
 - Accounts Receivable Aging
 - Accounts Payable Aging
- Budget versus Actual Comparison Report including revenues and expenses on an organization-wide basis for the latest month end to current fiscal year with variances;
- Any necessary grant specific Budget versus Actual Comparison Reports.

These reports provide the basis for the *Finance Director* to perform certain account analysis in areas where variances seem inappropriate or where additional information is needed. Upon completion of these account analyses and recording of additional adjustments as deemed necessary, the final month-

end closing package is prepared and circulated to the Principal, who receives all reports listed above, after revisions.

Financial reports for the Board of Directors

On a monthly basis, the *Chief Operating Officer* circulates the following information to the *Finance Committee/Board of Directors* prior to the board meeting:

- Statement of Financial Position;
- Budget versus Actual Comparison Report including revenues and expenses for the last month end to current fiscal year amounts, incorporating a variance analysis explaining variances in excess of 10% from the actual to the originally approved budget;
- 6-12 month cash flow, updated to current month, highlighting any periods of difficult cash flows; and
- Fundraising status update indicating the status of *GO BPT's* fundraising efforts and open proposals.

Financial Reporting Policies of charter school regulating agencies:

GO BPT complies with all financial reporting requirements of the state and city agencies responsible for providing oversight for charter schools.

GO BPT provides its charter authorizer with required financial reports on time, and such reports are complete and follow generally accepted accounting principles.

The following reports are filed with its charter authorizer and other regulating agencies in a timely, accurate and complete manner:

- Annual financial statement of audit reports, including federal Single Audit (A-133) if applicable.
- Annual budgets and cash flow statements
- Un-audited quarterly reports of income and expense
- Bi-monthly enrollment reports to the district and State Education Department
- Grant expenditure reports

CSDE requires the school to report the budget v/s actual amounts for various revenue and expenditure items. The GO Foundation has implemented a Chart of Accounts in its Accounting system that is similar to the various revenue and expenditure categories required on the report. Prior to the start of the school year, the annual budget approved by the board, is recorded in the Accounting System. During the year, the GO Foundation records all the revenue earned and expenditures incurred in the general ledger. On a quarterly basis, the *Chief Operating Officer* generates the budget to actual report from the Accounting System and then exports the information in excel and formats it to meet the format required by CSDE. The report is submitted to the school's finance committee for review and subsequent to review the report is emailed by the *Chief Operating Officer* to CSDE, prior to the deadline established, in order to meet the reporting requirement.

Subsequent to the end of the fiscal year, the Finance Director utilizes the Accounting System to prepare the Financial Statements in accordance with GAAP. The Financial Statements prepared include: Statement of Financial Position, Statement of Financial Activities, Statement of Cash Flows. In addition to these reports, management utilizes its Accounting System to generate the lead-sheets and other

supporting documentation for the Statement of Functional Expenses and other necessary information required for footnotes for the unaudited Financial Statements.

6.3 DOCUMENT RETENTION POLICY

Policies and Controls

- 6.3.1 Records will be maintained for the periods sufficient to satisfy IRS regulations, federal grant requirements, if applicable, and other legal needs as may be determined.
- 6.3.2 Record retention requirements are reviewed annually with the Board and independent auditors to determine any necessary changes.

Agency Procedures to Implement These Policies

- 6.3.1 *Records will be maintained for the periods sufficient to satisfy IRS regulations, federal grant requirements, if applicable, and other legal needs as may be determined.*

Record retention

GO BPT's records are retained in compliance with government, legal, and funders' requirements. When there is a conflict between federal, state and local record retention requirements, the longer retention period prevails. Certain important records, as determined by the Board, will be retained permanently, even if their retention is not required by the law.

E-mail retention

It is the user's responsibility to appropriately classify and save the necessary e-mail messages. Is this adequate?

Record destruction

Once the retention period has expired, GO BPT destroys the records in a manner that preserves the confidentiality of its contents. The Board of Directors approves all destruction of records prior to commencement. Record destruction is performed under the direction of the Principal who is responsible for maintaining the record disposal log, which lists all records that were destroyed.

Upon receipt of any legal notice, all record destruction will cease until the end of the investigation.

- 6.3.2 *Record retention requirements are reviewed annually with the Board and independent auditors to determine any necessary changes.*

Review of policy

Record retention requirements are reviewed annually with the Board and independent auditors to determine any necessary changes.

Type of Document	How Long to Retain
Accounting	
Accounts payable ledgers	7 years
Accounts receivable ledgers	7 years

Annual reports	Indefinitely
Annuity gift agreements	Indefinitely
Audited financial statements	Indefinitely
Bank deposit records	3 years
Bank reconciliations	7 years
Bank statements	7 years
Canceled checks (ordinary)	7 years
Canceled checks (taxes, property and important payments)	Indefinitely
Contributions/donations/grants (unrestricted)	7 years
Contributions/donations/grants (temporarily restricted)	Indefinitely
Contributions/donations/grants (perm. restricted/endowment)	Indefinitely
Expense analyses/distribution schedules	7 years
Fixed asset records, appraisals, depreciation schedules	Indefinitely
Internal audit reports	3 years
Invoices (to customers/from vendors)	7 years
Life income agreements	Indefinitely
Physical inventory records	7 years
Purchase orders	3 years
Requisitions	7 years
Shipping and receiving reports	3 years
Subsidiary ledgers	7 years
Tax returns (IRS form 990) and worksheets	Indefinitely
Uncollectable accounts and write-offs	7 years
Vouchers for payment to vendors, employees and others	7 years
Withholding tax statements (W4's)	4 years

Corporate	
Charters, constitutions, bylaws	Indefinitely
Contracts, mortgages, notes and leases (expired)	7 years
Contracts still in effect	Indefinitely
Deeds, mortgages, bills of sale	Indefinitely
Incorporation records, 501(c)(3) determination	Indefinitely
Labor contracts	Indefinitely
Loan documents, notes	Indefinitely
Licenses	Indefinitely
Minutes from board meetings	Indefinitely
Patents and related papers	Indefinitely
Trademark registrations and copyrights	Indefinitely
Personnel	
Garnishments	7 years
I-9	Later of 3 years from date of hire or 1 year from date of termination
Payroll records and summaries	7 years
Personnel files (after termination)	7 years
Retirement and pension records	Indefinitely
Time sheets	7 years after termination
Insurance	
Accident reports and claims	Indefinitely
Fire inspection reports	6 years
Group disability reports	7 years
Insurance records (expired contracts)	7 years

OSHA logs	8 years
Worker's compensation documentation	Indefinitely
<i>Correspondence</i>	
Correspondence (general)	3 years
Correspondence (legal and important matters)	Indefinitely
<i>Electronic Documents</i>	
Email	See employee manual / appropriate per user
Records on servers, individual computers and diskettes	Reviewed annually

CHAPTER 7. Assets and Liabilities

7.1 CAPITAL ASSETS

INTERNAL CONTROL OBJECTIVES

Fixed Assets

- Capital assets are purchased only with proper authorization.
- Capital asset purchases are recorded correctly as to account, net asset classification amount, and period.
- Disposals, retirements, trade-ins, and write-offs are identified promptly and recorded correctly as to account, amount, and period.
- Capital assets are adequately safeguarded and insured.
- Depreciation is calculated correctly using proper lives and methods and is recorded in a timely manner.

Inventories

- Inventories are purchased only with proper authorization.
- Inventories received are recorded correctly as to account, amount, and period.
- Inventories are adequately safeguarded.
- Inventory balances recorded in the accounting records are evaluated periodically by comparison with actual quantities on hand (i.e., physical inventory).
- Costs are assigned to inventories in accordance with the stated valuation method.
- Carrying values of inventories are periodically compared to net realizable value and appropriate adjustments are made.

Policies & Controls

- 7.1.1 Written requests for the purchase of capital assets are supported by sufficient operational and financial justification and are appropriately approved.
- 7.1.2 All fixed assets are properly identified, tagged, tracked, and inventoried on an annual basis.
- 7.1.3 Only leases and purchases that materially add to the value of the property and prolong the useful life are deemed to be capital assets.
- 7.1.4 Depreciable and non-depreciable fixed assets are appropriately recorded and depreciated.
- 7.1.5 Disposals of capital assets are properly authorized and recorded.
- 7.1.6 Valuable assets will be stored in a secured location with limited employee access.

Agency Procedures to Implement These Policies

7.1.1 *Written requests for the purchase of capital assets are supported by sufficient operational and financial justification and are appropriately approved.*

Capital budget

When applicable, *GO BPT* prepares a capital budget as part of the annual budget process, which represents a long-term capital requirements analysis. The Board approves the capital budget.

Asset purchase

Capital assets are purchased in accordance with *GO BPT's* purchasing policies.

7.1.2 *All fixed assets are properly identified, tagged, tracked, and inventoried on an annual basis.*

Identification of capital assets

Acquisitions which add to the value of the property and prolong the useful life are deemed to be capital assets. Any item purchased by *GO BPT* with total cost (purchase price plus cost to install and bring the item to its working condition) over \$ 2,500 would be capitalized. The Principal or *Director of Operations* authorize the capitalization of the item by indicating that the item is a "Capital Asset" on the check request form. *Director of Operations* can use their professional judgment to the \$2,500 limit when various items are bought as a group during the exception to this rule can be used individual Capital assets are categorized into one of the following categories:

- Land;
- Buildings and building improvements;
- Furniture, fixtures, and office equipment (includes desks, chairs, file cabinets and copiers, telephone, etc.);
- Leasehold improvements (includes replacing floors, roofing, etc. in a leased building);
- Computer equipment (includes computers, printers, etc.);
- Construction in progress (includes work on a building that is not complete);
- Automobiles and transportation equipment; and
- Equipment leased under terms that meet criteria for capital leases.

Tagging and tracking of capital assets

Detailed fixed asset ledgers are maintained for each of the capital asset categories. All capital assets are tagged with unique identifying numbers and entered into the fixed asset ledger. This is performed by Office Managers / School Aides under supervision of *Director of Operations*. The tags are numerically sequenced and placed on a visible area of the asset in order to provide a clear method of tracing the asset to the fixed asset ledger. The following information is tracked:

- Description of the asset
- General ledger and
- Acquisition date;

Inventory process

On an annual basis, *GO BPT* takes a physical inventory of all assets to ensure the completeness and accuracy of the agency's records. All assets are examined to determine that they are currently in use, and results of the examinations are recorded with sufficient detail to identify the items inventoried.¹⁰

The inventory of the assets on hand is compared to the fixed asset ledger. All differences are analyzed and resolved by the *Finance Director* and reviewed by the *Director of Operations*. Adjustments to the agency's records can be made only after appropriate approval has been received.

A record of lost, obsolete, damaged and unaccounted for inventory items should be reviewed and approved. Those items which are authorized to be removed from the records should be removed by the *Director of Operations and Finance Director*.¹¹

If equipment is stolen, it should be written off of the current inventory record. The circumstances concerning the theft and the measures taken to recover the missing equipment should be documented and retained for audit purposes.¹²

7.1.3. *Only leases and purchases that materially add to the value of the property and prolong the useful life are deemed to be capital assets.*

Lease-versus-purchase decision

Property, plant, and equipment may be obtained through long-term leases as an alternative to outright purchase. The purchase-versus-lease decision is incorporated into the annual capital budget. Decisions are made based on the net cost of the asset, taking into consideration cash flow as well as type of asset being acquired.

Requirements for capitalization

If a lease meets certain requirements, it is capitalized, with an offsetting capital lease obligation. A lease meets the requirements of a capital lease if it is non-cancelable and has at least one of the following characteristic:

- It passes title to the lessee (*GO BPT*);
- It contains a bargain purchase option;
- The lease term is at least 75% of the asset's estimated life; and
- The present value of the minimum lease payments equals 90% of the asset's fair value.

Operating lease payments are deemed to be equipment rental expense. A determination that the lease is classified as a capital lease should be made prior to the beginning of the lease term. The capital lease is recorded as an asset and a liability for an amount equal to the total minimum lease payments, and should be amortized over either the estimated useful life or the lease term depending on details of the lease transaction.

¹⁰ As recommended by the Office of the State Comptroller.

¹¹ As recommended by the Office of the State Comptroller.

¹² As recommended by the Office of the State Comptroller.

Expense versus capitalization of expenditures

Repair and maintenance expenditures are distinguished from expenditures for improvements, additions, renovations, alterations, and replacements. *GO BPT* follows the following guidelines in classifying these expenditures:

Repair and maintenance expenditures do not materially add to the value or extend the useful life of the property. Examples of repair expenses:

- Replacing broken glass;
- Painting and decorating the facility;
- Resurfacing a parking lot;
- Making temporary repairs to last less than one year; and
- Making minor repairs to fully depreciated assets.

Expenditures that increase the value of property, extend its life, or adapt it to a new or different use are capital expenditures. Significant improvements to property leased by the agency, including improvements that add value to the leasehold, are also capitalized.

If the useful life of the asset has been significantly extended, the remaining book value (original cost less depreciation) and the improvement costs are depreciated over the new life. Examples of repair expenditures that are capital expenditures:

- Replacing a roof, thereby substantially prolonging its life;
- Reconditioning equipment or machinery, thereby extending its life;
- Installing a new boiler system;
- Structural changes or alterations to organization-owned buildings, which become a part of the building and increase its life or value; and
- Significant improvements to property leased by the organization, improvements that add value to the leasehold (*e.g.*, permanent office partitions).

Assets purchased with government funds

Assets purchased with government funds are tracked and monitored in the manner outlined above. However, on an interim basis, these acquisitions are expensed, as part of the program costs reportable under the grant. At the end of the year, the full cost is capitalized and depreciated over the assigned asset life, in accordance with generally accepted accounting principles.

If ownership can revert back to the government funding agency, these asset purchases are expensed in the year incurred as "non-capitalizable equipment" in the Statement of Functional Expenses.

7.1.4 *Depreciable and non-depreciable fixed assets are appropriately recorded and depreciated.*

Basis for cost

Depreciable assets are carried in the accounting records at the original net acquisition cost. Acquisition costs include the invoice price plus all expenses incurred to prepare the asset for operations, including such costs as preliminary engineering studies and surveys, legal fees to establish title, installation costs, freight, and labor and material used in construction or installation.

Non-depreciable capital assets (*e.g.*, land) are carried in the records at the original net cost.

Capitalization of a construction project

Expenditures such as those for materials, labor, engineering, supervision, salaries and expenses, legal expenses, insurance, overhead, and interest are capitalized as “construction-in-progress” until the project is completed and placed in service. No depreciation is taken on construction-in-progress.

Upon completion of construction and placement in service, the asset is removed from construction-in-progress and entered into the detailed fixed asset ledger under the appropriate classification.

Depreciation on the asset begins on the date the asset is placed in service.

Determination of useful life

The useful life is estimated when a capital asset is acquired. The useful life may be expressed in terms of time, units of production, or hours of service. The cost of an asset is allocated over the useful life via depreciation or depletion. When there is an indefinite useful life, such as that for land, no depreciation is taken.

If there is a significant change in the estimate of the remaining useful life after the asset is placed into service, the remaining cost to be depreciated is spread over the revised remaining life.

The *Finance Director* assigns the estimated useful life as part of the overall asset acquisition approval process.

Depreciation method

Depreciation of property and equipment over the estimated useful lives of the assets is calculated using the straight-line or accelerated method.

Circumstances when it may be appropriate to accelerate or decelerate depreciation charges for the current and future periods include:

- A significant change in the estimated useful life; or
- A change in the estimated salvage value.

The estimated useful lives of the various asset categories at *GO BPT* are as follows:

Description	Years	Method
Property and Plant	39	Straight Line
Furniture & Fixtures	7 years	Straight Line
Office Equipment	5 years	Straight Line
Computer Equipment	3 years	Straight Line
Automobiles	5 years	Straight Line
Capital Leases	Either lease term or estimated useful life	
Leasehold Improvements	Shorter of estimated useful life or lease term under GAAP	Straight Line

As an alternative to prorating the depreciation in the year of acquisition or disposal, the agency takes one half year of depreciation in both the years of acquisition and disposal.

7.1.5 Disposals of capital assets are properly authorized and recorded.

Authorization of disposal

Control over the disposition of property is maintained not only to preserve the accuracy of the records but also to ensure that assets are safeguarded, improper disposal is prevented, and the best possible terms are received for disposal.

Disposal of capital assets occurs only after proper authorization has been given by the Principal or *Director of Operations* and funding agency, if applicable.

The following procedures apply to the retirement and disposal of *GO BPT* company assets:

- An asset disposal form is completed for all disposals.
- The asset disposal form is reviewed and approved by a responsible employee who is knowledgeable of but not directly responsible for the asset, with ultimate approval by the *Director of Operations*.
- No item of property, plant, or equipment is removed from the premises without a properly approved asset disposal form.

Recording disposal

Once the retirement or sale has been properly approved and documented, the following procedures apply to the recording of the transaction:

- The cost is removed from the appropriate asset account.
- The related accumulated depreciation, including depreciation to date of disposal, is removed from the allowance for depreciation account. The profit or loss, adjusted for the cost of removal, is recorded as an income (gain) or expense (loss) item.
- When the disposal is a trade-in of a similar asset, the acquired asset is recorded at the book value of the trade-in asset plus any additional cash paid. In no instance should such cost exceed the fair market value for the new asset.

All disposals are recorded in the fixed assets ledger on a timely basis.

Fully depreciated assets

Fully depreciated assets remain in the fixed asset ledger with the related accumulated depreciation as long as the property is still in use to ensure accurate tracking and safeguarding of assets.

*7.1.6 Valuable assets will be stored in a secured location with limited employee access.*¹³

Valuable assets, including laptop computers and other costly items, will be stored in a secured location with limited employee access. All laptop computers will be tagged with a unique identifier and locked. Employees are prohibited from removing equipment off of *GO BPT* premises without approval from the Principal & *Director of Operations*. Moreover, *GO BPT* controls access to school buildings by issuing keys to limited personnel, and employees are prohibited from using school buildings for personal use. Key

¹³ As recommended by the Office of the State Comptroller.

issuance records are maintained by the fiscal office, and *GO BPT* conducts periodic building security surveys to ensure a secure environment.

7.2 INVESTMENTS

***Currently GO BPT has not invested any excess funds into investments but rather maintained all amounts in cash and cash equivalent type accounts with banks. When GO BPT invests the assets, the following policy will become active.*

Policies & Controls

7.2.1 The purchase and sale of investments are properly approved, recorded, and reported.

7.2.2 Investment statements are properly reconciled to the supporting books and records on a periodic basis.

The Board has a responsibility to safeguard *GO BPT's* assets, and to ensure that funds are used to further the organization's goals. In addition, the Board must ensure that donor designations are honored, and that cash and other investments are managed wisely. Whether assets belong in restricted, temporarily restricted or unrestricted funds, these assets should be invested wisely.

GO BPT's Board, acting through the Finance committee, adopts and annually reviews investment policies and procedures that address basic investment policies and guidelines, assignment of fiduciary responsibility, due diligence and oversight of investment managers, and reporting procedures.

Basic policies and guidelines

The investment policy specifies:

- The Board's investment risk tolerance;
- *GO BPT's* investment goals with regard to meeting return targets;
- Overall investment guidelines, including, for example, prohibitions on certain classes of securities;
- *GO BPT's* asset pools and the level of funds to be allocated to each pool; and
- The target asset allocation, including reasonable ranges within which portfolio allocations may vary.

Guidelines are reviewed and updated annually (and whenever significant market events or changes in school strategy occur).

GO BPT's Investment Objectives

GO BPT's investment objectives are to achieve long-term real rate of return growth net of its strategic spending policy expectations, net of inflation, and provide a ready source of capital without subjecting *GO BPT* to large investment losses that could erode the ability of *GO BPT* to meet future long-term

financial commitments. The following goals, consistent with the above-described purposes, are adopted:

The primary goal of *GO BPT*'s investment assets is to achieve long-term real rate of return growth to provide a ready source of capital to meet the needs of *GO BPT*. This will be accomplished through a carefully planned and executed long-term investment program.

Investments will be managed on a total return basis. While *GO BPT* recognizes the importance of the preservation of capital, they also adhere to the principle that varying degrees of investment risk are generally rewarded with concomitant returns over the long-term

The total portfolio over the long term will be expected to:

- Produce a total long-term real (above inflation) return of 5% (annualized, net of fees, over a full market cycle), and
- Exceed a weighted benchmark return based upon policy asset allocation targets and standard index returns over rolling five-year periods. *GO BPT* realizes that market performance varies and that a 5% real rate of return may not be meaningful in some periods.

GO BPT acknowledges that to earn a long-term real return of 5% prudent risk-taking is essential within the context of overall portfolio diversification to meet this goal. Investment strategies are considered primarily in light of their impact on total portfolio assets subject to any applicable restrictions set forth in the Socially Responsible Investing guidelines, and shall at times comply with applicable state and federal regulations and "prudent person" standards.

GO BPT has a long-term investment horizon, and utilizes an asset allocation, which encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of investment performance.

7.3 INSURANCE

Policies & Controls

- 7.3.1 Insurance coverage is maintained in adequate amounts to support *GO BPT's* operation and protect the employees and Board members in carrying out the organization's exempt purpose.
- 7.3.2 Coverage is maintained at levels recommended by the *Director of Operations* and approved by the Board of Directors but at no less than the amounts stipulated in funding agreements.

Agency Procedures to Implement These Policies

- 7.3.1 *Insurance coverage is maintained in adequate amounts to support GO BPT's operation and protect the employees and Board members in carrying out the organization's exempt purpose.*

Areas of coverage

Annually, the *Finance Director and the Principal* review with the Finance Committee the need for the following types of insurance coverage based on exposure of the organization to risk:

- Director and Officers liability;
- General liability;
- Business travel;
- Fire/theft;
- Employee dishonesty;
- Hired and non-owned auto;
- Professional liability;
- Employment practices;
- Business interruption; and
- Hurricane/flood.

- 7.3.2 *Coverage is maintained at levels recommended by the Principal and approved by the Board of Trustees but at no less than the amounts stipulated in funding agreements.*

Approval and recommendations for revisions

During the annual review process, the *Principal & Finance Director* review government grants and contracts, including any equipment lease agreements and building acquisition financing contracts, in effect to ensure compliance with any stipulated limits.

Recommendations developed in the annual review are passed on to the Finance Committee for approval. The Finance Director then implements the joint decision.

Coverage for *GO BPT* is reviewed by the Board of Directors on an annual basis.

7.4 ASSUMPTION AND AUTHORIZATION OF DEBT

Policies & Controls

7.4.1 All debt must be approved and documented by the Board of Directors in accordance with the By-Laws of the Corporation.

Agency Procedures to Implement These Policies

7.4.1 All debt must be approved and documented by the Board of Directors in accordance with the By-Laws of the Corporation.

Debt approval and agreement

The Board of Directors prepares a resolution to document the Board's approval of the issuance of the debt. The authorization is documented in the minutes of the meeting of the Board. A copy of the resolution approving the issuance of the debt is maintained with the executed copy of the debt agreement.

Records and collateralization of debt

A record is maintained of the assets collateralizing the debt, if any. The assets are specifically identified. The record is updated periodically (*e.g.*, depreciation noted) to reflect the current book value of the assets. *GO BPT* ensures that an asset does not have funder-imposed restrictions prior to pledging such asset as collateral for a debt.

Board resolution

A Board resolution is presented to the third party with whom the debt is being established.

CHAPTER 8. Governance

The Board of Directors of *GO BPT* is committed to providing effective financial oversight, including having made financial decisions that further *GO BPT*'s mission, program and goals. To that end, the Board has adopted the following charters and policies:

- Finance and/or Audit Responsibilities of the Board of Directors and Executive Committee
- Code of Ethics
- Conflict of Interest Policy
- Whistleblower Policy
- Compensation Policy

8.1 Finance and/or Audit Responsibilities of the Board of Directors and Executive Committee

Board Members General Responsibilities:

- To be knowledgeable about the organization--its mission, strengths and needs.
- To attend board meetings, and be prepared to help formulate policy for the organization.
- To serve actively on a board committee.
- To be available for consultation and willing to use expertise at a level that will enhance the organization, but also be practical in terms of time for the individual.
- To be an ambassador for the organization both in heightening awareness about its mission, and bringing vital information to the organization.
- To strengthen the financial base by assisting in the organization's fundraising effort and making a personally significant contribution in keeping with individual resources.
- Help with the recruitment, orientation, and training of new Board members.
- Participate actively in fundraising and prospect development by providing and reviewing lists, signing appeal letters, attending events, and joining in solicitation meetings with individuals, foundations, and corporations.
- Understand the importance of Board leadership in fundraising, contribute commensurate with capability.

Board of Directors' fiscal responsibilities

The Board of Directors of *GO BPT* and the Executive Committee exercises its financial oversight to fulfill the following responsibilities:

- The Board approves the fiscal policies of *GO BPT*. Policies are adopted by the Board and annually updated.
- The Board is aware and knowledgeable of its fiscal responsibilities.
- The Board reviews and approves *GO BPT*'s annual budget. The Board reviews and approves operating, cash, and capital budgets for *GO BPT* annually.

- The Board monitors key variances between *GO BPT* budget and the current financial reports on a regular basis. The Finance Committee receives and reviews variance reports monthly, and reports to the Board at each Board meeting.
- The Board approves large expenditures in excess of a pre-determined limit. *GO BPT* establishes a threshold amount on purchases for which Board approval is required.

Finance Committee's fiscal responsibilities

The *Finance* Committee carries out the following financial and audit oversight responsibilities:

Overall

- Each member of the *Finance* Committee shall be a member of the Board of Directors, in good standing, and shall be independent in order to serve on this committee.
- At least one member of the *Finance* Committee shall be designated as a financial expert.
- The Committee meets at least 4 times per year. The *Finance* Committee may ask members of school leadership or the GO Foundation, or others, to attend the meetings and provide pertinent information as necessary.
- The Committee reviews its own effectiveness with a self-assessment evaluation of all members.

Financial Responsibilities

The *Finance* Committee commits to:

- Inquire about significant risks or exposures facing the organization; assess the steps school leadership and the GO Foundation has taken or proposes to take to minimize such risks; and periodically review compliance with such steps.
- Review the adequacy of the organization's internal controls including computerized information system controls and security.
- Review procedures for receipt, retention and treatment of complaints regarding accounting, internal controls, or auditing matters by any party internal or external to the organization (whistleblower policy).
- Review policies and procedures with respect to officers' expense accounts, if there are any.

Audit Responsibilities

The *Finance* Committee commits to:

- Appoint the independent auditors to be engaged by the company, establish the audit fees, and pre-approve any non-audit services before the services are rendered. Review and evaluate the performance of the independent auditors and review with the full Board of Directors any proposed discharge of the independent auditors.
- Review the financial statements, audit of the financial statements, judgments about the quality (not just acceptability) of organization's accounting principles, significant changes required in the audit plan, and serious difficulties with management during the audit.
- Review all material written communications between the independent auditors and school leadership and the GO Foundation, such as the management letter.
- Review legal and regulatory matters that may have a material impact on the financial statements.

- Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the committee.

GREAT OAKS CHARTER SCHOOL

Conflict of Interest Policy & Disclosure Form

Approved by the Board of Directors on February 13, 2019

GREAT OAKS CHARTER SCHOOL OF BRIDGEPORT, INC.

CONFLICT OF INTEREST AND ANTI-NEPOTISM POLICY

The purpose of this Conflict of Interest and Anti-Nepotism Policy (the "Policy") is to protect the interests of Great Oaks Charter School of Bridgeport, Inc. (the "School") when it is contemplating entering into a transaction or arrangement that may benefit the private interests of a Director, Officer or employee of the School. Before entering into any transaction or arrangement that may benefit the private interests of a Director, Officer or employee of the School, the Board of Directors of the School (the "Board") shall determine whether the transaction or arrangement is prohibited under this Policy.

Article 1 **Conflicts of Interest**

Section 1. Directors, Officers and employees of the School are prohibited from having a personal or financial interest in the assets, real or personal, of the School.

Section 2. Directors, Officers and employees of the School may not have a direct pecuniary or material benefit accrue from a contract with the School; provided, however, this restriction does not preclude the payment of lawful compensation to employees or the reimbursement of actual and necessary expenses of Directors or Officers, as applicable, in holding their positions with the School.

Section 3. Directors, Officers and employees are also restricted from engaging in any Related Party Transaction except as approved by the Board. The Board may only approve a Related Party Transaction if it determines that the costs incurred are (a) limited to the actual cost of goods or services; (b) applicable, appropriate and necessary to the transaction; and (c) do not exceed the fair market rate or value that a prudent person in a non-related party transaction would incur under the circumstances prevailing at the time.

Section 4. No Director, Officer or employee shall directly or indirectly, solicit any gift, or accept or receive any gift having a value of seventy-five dollars (\$75.00) or more, whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form without prior approval of the Board.

Section 5. Employees of the School may not serve on the Board, except as required by Connecticut General Statutes § 10-66bb(d)(3)(A)(i).

Section 6. Directors of the School may not serve as a director or trustee of any other charter school operating in the State of Connecticut and may not serve as a director or trustee of the School's charter management organization.

Article 2 **Anti-Nepotism**

Section 1. The Board shall not employ or accept application for hire from any person who is a member of the Board, a Relative of a member of the Board, or a Relative of the Principal or other School administrator with general authority with respect to the School's employees.

Approved by the Board of Directors on February 13, 2019

Section 2. No employee of the School may be the direct supervisor of his or her Relative or make decisions regarding appointment, award of a contract, promotion, demotion, disciplinary action, discharge, assignment, transfer, approval of time-off and approval of training or development opportunities, as well as conducting performance evaluations or participating in any other employment action.

Article 3
Disclosure and Voting

Any potential or actual conflict of interest, including nepotism, described in Articles 1 and 2 of this Policy, must be promptly disclosed in good faith in writing to each member of the Board, together with all material facts known to such Director, Officer or employee with respect to the actual or potential conflict of interest. All such potential or actual conflicts of interest shall be reviewed by the Board. Any Director, Officer or employee to whom the potential or actual conflict of interest relates shall leave the room while deliberations are conducted. If not prohibited by Articles 1 or 2 of this Policy, any actual or potential conflict of interest shall be approved by not less than a majority vote of the Board members present and voting at the meeting. No Director, Officer or employee shall vote, act, or attempt to influence improperly the deliberations, as applicable. Any attempt to vote, act, or improperly influence deliberations may be grounds for removal from the Board or termination of employment with the School.

Article 4
Disclosures

Prior to the initial election or appointment of a Director to the Board, and thereafter on an annual basis, all Directors shall disclose in writing to the Board Secretary:

- (i) Any entity of which the Director is an officer, director, trustee, member, owner or employee;
- (ii) Any entity of which a Relative of the Director is an officer, director, trustee, member, owner or employee and with which the School has a relationship;
- (iii) Any Financial Interest the Director may have in any corporation, organization, partnership or other entity which provides professional or other goods or services to the School for a fee or other compensation; and
- (iv) Any position or other material relationship such Director may have with any not-for-profit corporation or any position or other material relationship held by a Relative of such Director, with which the School has a business relationship.

Each Director shall also annually sign and submit to the Board Secretary a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy.

Article 5
Miscellaneous

Approved by the Board of Directors on February 13, 2019

Section 1. In no instance shall a director, officer or employee of a charter management organization having a business relationship with the School serve as a member of the Board for the duration of such business relationship.

Section 2. Directors, Officers and employees shall avoid at all times engaging in activities that would appear to be unduly influenced by other persons who have a special interest in matters under consideration by the Board. If this occurs, such Director, Officer or employee shall disclose in writing all known facts prior to participating in a Board discussion of these matters and the Director, Officer, or employee's interest in the matter will be reflected in the Board minutes.

Section 3. Directors, Officers and employees shall make all appropriate disclosures whenever a grievance of conflict of interest is lodged against them.

Section 4. No Director, Officer or employee shall disclose confidential information acquired by him or her in the course of his or her official duties or use such information to further his or her personal interests.

Section 5. Directors, Officers and employees may never ask a subordinate, a student or a parent of a student to work on or give to any political campaign.

Article 7 **Definitions**

Capitalized terms used herein shall have the meanings ascribed to such terms below:

- (i) **Affiliated.** Affiliated means being united, connected, allied, associated, or attached in any manner.
- (ii) **Financial Interest.** A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangements involving the School.
- (iii) **Related Party.** Related Party means being Affiliated, principal owner or manager, spouse, child, parent or sibling of one or more of the transacting parties and includes any other parties that have a significant influence over the management or operating policies or have an ownership interest in one or more of the transacting parties.
- (iv) **Related Party Transaction.** Any transaction, agreement or any other arrangement with the School in which a Related Party has a Financial Interest.
- (v) **Relative.** A parent, child, grandparent, grandchild, brother, half-brother, sister, half-sister, uncle, aunt, nephew, niece, first cousin, husband, wife, stepparent, stepchild, father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, guardianship relationships, or partner in a civil union or same-sex marriage.

**GREAT OAKS CHARTER SCHOOL OF BRIDGEPORT, INC.
(GO-Bridgeport)**

Conflict of Interest Disclosure Form

1. Director/Officer/Employee Name (print) _____
2. Home Address _____
3. Business Address _____
4. Daytime Phone _____
5. E-Mail Address _____
6. List all positions held on the GO-Bridgeport Board or with or related to GO-Bridgeport (e.g., Director, chair, treasurer, parent representative, Principal):

7. Identify any entity of which you or your Relative* is an officer, director, trustee, member, owner or employee and with which GO-Bridgeport has a relationship:

8. Identify any Financial Interest** you or your Relative has in any corporation, organization, partnership or other entity which provides professional or other goods or services to GO-Bridgeport for a fee or other compensation:

9. Identify any position or other material relationship you or your Relative may have with any not-for-profit corporation with which GO-Bridgeport has a business relationship:

10. If you are a Board member or the Principal or other School administrator with general authority with respect to the School's employees, identify any Relative who is an employee of GO-BPT:

- * *"Relative" means a parent, child, grandparent, grandchild, brother, half-brother, sister, half-sister, uncle, aunt, nephew, niece, first cousin, husband, wife, stepparent, stepchild, father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, guardianship relationships, or partner in a civil union or same-sex marriage.*
- ** *A person has a "Financial Interest" if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangement involving GO-Bridgeport.*

Agreement and Acknowledgment

The undersigned acknowledges and agrees that (i) the above information is true and correct as of the date hereof; (ii) he/she has received, has read and understands the GO-Bridgeport Conflict of Interest and Anti-Nepotism Policy applicable to Trustees, Officers and employees; and (iii) he/she agrees to comply with such Conflict of Interest and Anti-Nepotism Policy.

Print Name

Signature

Date

8.3 Executive Compensation Policy

Executive Compensation is reviewed annually by the Board of Directors.

Determining Executive Compensation

When hiring the *Director of Operations* and Principal or Key Employee, Board of Directors performs a thorough review to determine acceptable compensation. This process includes a review of comparable data. Comparability data can include published compensation surveys and executive compensation reported in the Form 990 of like organizations. The Board of Directors consults the full Board when making the final determination. The Board retains contemporaneous substantiation of the deliberation and decision.

A Key Employee¹⁴ is defined as those persons, other than officers, directors, and trustees, who:

- a) Had reportable compensation exceeding \$94,000 for the year (the “\$94,000 test”);
- b) Had or shared organization-wide control or influence similar to that of an officer, director, or trustee, or managed or had authority or control over at least 10 percent of the organization’s activities (the “responsibility test”); AND

Were within that group of the organization’s top 20 highest paid persons for the year who satisfied both the \$94,000 test and the responsibility test.

¹⁴ *As defined in the 2008 Instructions for Form 990 – Core Form, Part VII

Chapter 9. Information and Technology

Policies & Controls

- 9.1.1 Data and information is protected from unauthorized access, use, modification, disclosure, and destruction.
- 9.1.2 All critical data is backed up regularly and securely.

Agency Procedures to Implement These Policies

- 9.1.1 *Data and information is protected from unauthorized access, use, modification, disclosure, and destruction.*

Security

Security controls are fully implemented for the network operating system and applications to ensure the safety, confidentiality and integrity of all information and systems.

- Internet firewalls and web application security are employed where appropriate.
- Sensitive material is encrypted for transmission, and is not discarded in readable form.
- Staff handling information technology are adequately trained to perform their functions, and are prohibited from initiating changes to Finance and Human Resources master files.
- Employees are adequately trained in the policies and procedures regarding system usage and security requirements.

Physical Safeguards

Physical security controls are fully implemented for the network operating system to ensure protection against physical access to the system by unauthorized personnel or others, as well as protection against physical damage, including power surges, fire, water, and damage done by employees. This includes computer systems and telecommunications equipment being kept in a locked, secure area with access restricted to authorized personnel.

User Access

Authorization and privilege controls are fully implemented for the network operating system and applications, such as those that restrict access to the overall system, as well as to specific applications and information, to those with specific, authorized business purposes.

- Individually assigned passwords are required for email.
User access rights are revised upon transfer or change of employee responsibilities and eliminated upon termination of employment.

- 9.1.2 *All critical data is backed up regularly and securely.*

Disaster Recovery

Backups are stored offsite to ensure data is available in case of a disaster. Backup planning includes the identification of all critical programs, documentation and support items that would be necessary to perform essential tasks during a recovery period. Critical data is password protected with multiple individuals having access to sign ID and password.

Coversheet

Dashboard & Financial Overview

Section: II. Administrative / Financial Overview
Item: B. Dashboard & Financial Overview
Purpose: FYI
Submitted by:
Related Material: 7 2024-12 GO-BPT Dashboard.pdf
8 GO-BPT FY25 24-12 Budget-to-Actual.pdf
9 GO-BPT FY25 24-12 Balance Sheet.pdf
10 GO-BPT FY25 24-12 StatementofCashFlows.pdf

Great Oaks Charter School - Bridgeport
Financial Dashboard
 January 15, 2025

Cash	12/31/2024	11/30/2024	10/31/2024
Cash Balance - Chase Operating Account	2,362,212	349,257	1,248,983
Cash Burn/Month	- 2,012,955	899,726	908,491
Cash Balance to Burn Rate (months)	- 1.17	0.39	1.37
Cash Balance - Chase Food Account	18,377	2,681	2,681
Cash Balance - Chase Reserve Account	288,322	288,318	288,318
Total Cash Position:	2,668,911	640,256	1,539,982
Key:	Greater than 2 months in reserve Between 1 and 2 months in reserve Less than 1 month in reserve		

Balance Sheet	12/31/2024	11/30/2024	10/31/2024
Current Ratio (current assets to current liabilities)	1.31	1.44	1.40
Debt to Assets Ratio	-	-	-

Fundraising	FY 25 Target	Actual
Capital/Building		
Operating Support	30,000	

Summary of Material Expense Variances	Budget	Actual	Delta	Comments:
Enrollment	661	661		+ is favorable
Description				
State/SpEd Funding	4,951,878	5,001,109	49,231	New per pupil adjustment included
Title Funding	295,445	295,445	0	
SIG & FY25 Mental Health	81,683	59,000	(22,683)	
USDA School Lunch Program	154,257	98,020	(56,237)	Dec meal claims pending
FY23 Mental Health & FY24 HD Tutoring	193,727	327,482	133,755	
	5,676,990	5,781,056	104,066	
Personnel - Salaries	3,091,168	3,042,377	48,791	Summer payroll now included
Personnel - Payroll Taxes	216,381	154,448	61,933	
Personnel - Benefits	340,029	323,248	16,781	
Professional/Contracted	200,000	337,639	(137,639)	ADP admin fee & tutor fee
School Ops	413,907	375,477	38,430	
Facilities (excluding depreciation)	1,291,650	1,245,872	45,778	
Tutor NP	157,308	144,263	13,045	
Sum of All Known Material Variances	5,710,443	5,623,324	87,119	

Great Oaks Charter School - Bridgeport Inc.
Budget vs. Actuals: FY25 P&L 24-12
 July - December, 2024

	Total		Diff. (+ = Fav)
	Actual	Budget	
Income			
40000 REVENUES FROM STATE SOURCES			
40100 REVENUES FROM STATE SOURCES-Per Pupil Revenue	4,516,944	4,233,767	283,178
40200 REVENUES FROM STATE SOURCES-Special Education Revenue	329,750	327,750	2,000
40300 REVENUES FROM STATE SOURCES-Grants	0	4,500	(4,500)
40330 REVENUES FROM STATE SOURCES-Grants-State Bilingual	4,062	4,062	0
40400 REVENUES FROM STATE SOURCES-COMM NETWORK	150,353	381,800	(231,447)
Total 40000 REVENUES FROM STATE SOURCES	5,001,109	4,951,878	49,231
41000 REVENUES FROM FEDERAL SOURCES			
41200 REVENUES FROM FEDERAL SOURCES-Title I	247,838	247,838	0
41201 REVENUES FROM FEDERAL SOURCES-Title 2	22,918	22,918	0
41202 41000 REVENUES FROM FEDERAL SOURCES-Title 3	6,669	6,669	0
41203 41000 REVENUES FROM FEDERAL SOURCES-Title 4	18,020	18,020	0
41300 REVENUES FROM FEDERAL SOURCES - ESSA SIG	59,000	59,000	0
41400 REVENUES FROM FEDERAL SOURCES-School Food Service (Free Lunch	98,020	154,257	(56,237)
41500 REVENUES FROM FEDERAL SOURCES-FY25 Mental Health	0	22,683	(22,683)
41520 REVENUES FROM FEDERAL SOURCES-FY23 Mental Health & FY24 HD Tutoring	327,482	193,727	133,755
41700 REVENUES FROM FEDERAL SOURCES - Erate In-Kind	12,415	0	12,415
Total 41000 REVENUES FROM FEDERAL SOURCES	792,361	725,111	67,250
42100 LOCAL & OTHER REVENUE-Contributions and Donations	18,971	83,375	(64,404)
42130 LOCAL & OTHER REVENUE-Contributions and Donations-Individuals	1,897	0	1,897
42500 LOCAL & OTHER REVENUE-Interest Income	15	0	15
42700 LOCAL & OTHER REVENUE - Inkind Donations	21,847	0	21,847
42800 LOCAL & OTHER REVENUE-Other Local & Misc Revenue	4,068	0	4,068
			0
42840 Tutor Housing Fees	3,500	11,000	(7,500)
Sales	626	0	626
Total Income	5,844,393	5,771,364	73,029
Gross Profit	5,844,393	5,771,364	73,029
Expenses			
50000 PERSONNEL SERVICE COSTS			
51000 PERSONNEL SERVICE COSTS-ADMINISTRATIVE STAFF PERSONNE			
51100 Executive Management	374,085	451,369	77,284
51300 Academic Leadership	570,363	388,750	(181,613)
51600 Operations Staff	345,412	475,346	129,933
51700 Other Non Instr. Staff - Fellows	24,639	0	(24,639)
Total 51000 PERSONNEL SERVICE COSTS-ADMINISTRATIVE STAFF PERSONNE	1,314,498	1,315,465	966
53000 PERSONNEL SERVICE COSTS-INSTRUCTIONAL PERSONNEL COSTS			
53100 Gen Ed Teachers	832,433	802,234	(30,199)
53200 Specialty Teachers	122,817	240,641	117,824
53300 Specialty Teachers - MLL	111,100	110,000	(1,100)
53500 SpED Teacher	153,499	207,616	54,117
Total 53000 PERSONNEL SERVICE COSTS-INSTRUCTIONAL PERSONNEL COSTS	1,219,849	1,360,491	140,641

Great Oaks Charter School - Bridgeport Inc.
Budget vs. Actuals: FY25 P&L 24-12
 July - December, 2024

	Total		Diff. (+ = Fav)
	Actual	Budget	
53900 ADDITIONAL EARNINGS			
53901 Instructional Stipend	29,440	0	(29,440)
53902 Enrichment Stipend	15,996	0	(15,996)
53903 Events Stipend	385	0	(385)
53904 Ops Projects	13,712	0	(13,712)
53905 Summer Teaching Stipend	833	0	(833)
53906 Bonus	15,000	0	(15,000)
Total 53900 ADDITIONAL EARNINGS	75,366	0	(75,366)
55000 PERSONNEL SERVICE COSTS-NON-INSTRUCTIONAL PERSONNEL COS			
55100 Climate & Culture	143,687	116,080	(27,607)
55600 Guidance & Social Work	172,857	191,382	18,526
55700 Para professionals - SPED	116,121	107,750	(8,371)
Total 55000 PERSONNEL SERVICE COSTS-NON-INSTRUCTIONAL PERSONNEL COS	432,664	415,212	(17,451)
57000 PERSONNEL SERVICE COSTS-PAYROLL TAXES AND BENEFITS			
57100 Payroll Taxes	154,448	216,381	61,933
57200 Fringe / Employee Benefits	315,185	340,029	24,844
57300 Retirement / Pension	8,063	0	(8,063)
Total 57000 PERSONNEL SERVICE COSTS-PAYROLL TAXES AND BENEFITS	477,696	556,410	78,714
Total 50000 PERSONNEL SERVICE COSTS	3,520,073	3,647,578	127,504
60000 CONTRACTED SERVICES			
61000 CONTRACTED SERVICES-Accounting / Audit	36,986	28,000	(8,986)
62000 CONTRACTED SERVICES-Legal	4,093	2,500	(1,593)
63000 CONTRACTED SERVICES-Support Organization Fees	0	0	0
63010 Tutor Fees	173,083	126,000	(47,083)
Total 63000 CONTRACTED SERVICES-Support Organization Fees	173,083	126,000	(47,083)
64000 CONTRACTED SERVICES-Nurse/Summer School	4,838	0	(4,838)
66000 CONTRACTED SERVICES-Payroll Services	59,735	7,500	(52,235)
67100 CONTRACTED SERVICES-Tech Support	55,329	50,000	(5,329)
67300 CONTRACTED SERVICES-Staff Appreciation	750	0	(750)
69000 CONTRACTED SERVICES-Other Purchased / Professional	2,827	0	(2,827)
Total 60000 CONTRACTED SERVICES	337,639	200,000	(137,639)
70000 SCHOOL OPERATIONS			
71000 SCHOOL OPERATIONS-Board Expenses	1,093	0	(1,093)
71500 SCHOOL OPERATIONS-Classroom / Teaching Supplies &	2,117	9,000	6,883
72500 SCHOOL OPERATIONS-Textbooks / Workbooks	5,689	0	(5,689)
73000 SCHOOL OPERATIONS-Tech Materials	8,022	0	(8,022)
73500 SCHOOL OPERATIONS-Equipment / Furniture	(208)	10,000	10,208
73600 SCHOOL OPERATIONS-Copier Maintenance/Lease	23,274	24,606	1,332
74500 SCHOOL OPERATIONS-Digital Platform/Licenses	64,749	92,445	27,696
74600 Summer School Supplies	718	0	(718)
75000 SCHOOL OPERATIONS-Student Testing & Assessment	2,481	1,000	(1,481)
76000 SCHOOL OPERATIONS-Required Student Transportation	11,745	12,000	255
76100 SCHOOL OPERATIONS-Bus Transportation Field Trips	805	0	(805)

Great Oaks Charter School - Bridgeport Inc.
Budget vs. Actuals: FY25 P&L 24-12
July - December, 2024

	Total		Diff. (+ = Fav)
	Actual	Budget	
77000 SCHOOL OPERATIONS-Office Expense	18,068	41,100	23,032
77500 SCHOOL OPERATIONS-Staff & Curr Development	72,275	14,500	(57,775)
77550 Fellows - Professional Development	256	0	(256)
77600 SCHOOL OPERATIONS-Staff Appreciation	10,879	7,500	(3,379)
77700 Memberships/Subscriptions/Cooperatives	3,140	0	(3,140)
77800 SCHOOL OPERATIONS-Staff Recruitment	2,850	5,000	2,150
78500 SCHOOL OPERATIONS-Student Recruitment / Marketing	2,384	5,000	2,616
78600 SCHOOL OPERATIONS-Student/Staff Uniforms	1,879	5,000	3,121
78700 SCHOOL OPERATIONS-Student Activities	18,109	0	(18,109)
78710 SCHOOL OPERATIONS - Student Incentives	465	0	(465)
78720 SCHOOL OPERATIONS - Honors & Awards	292	0	(292)
78730 SCHOOL OPERATIONS-Enrichment Programs/Trips	1,728	0	(1,728)
78740 SCHOOL OPERATIONS-Field Trips (Non-Enrichment)	13,091	0	(13,091)
78750 SCHOOL OPERATIONS-Social/Recess/Misc	212	0	(212)
Total 78700 SCHOOL OPERATIONS-Student Activities	33,896	0	(33,896)
79000 SCHOOL OPERATIONS-School Meals / Lunch	111,380	166,757	55,376
79100 Travel Related - Staff	2,421	0	(2,421)
79200 SCHOOL OPERATIONS-Fundraising	50	0	(50)
79300 SCHOOL OPERATIONS-Other School Operations	(12,565)	20,000	32,565
Total 70000 SCHOOL OPERATIONS	375,477	413,907	38,431
80000 FACILITY OPERATION & MAINTENANC			
80100 FACILITY OPERATION & MAINTENANC-Rent	600,647	603,989	3,342
80160 Utilities	133,350	127,800	(5,550)
81000 FACILITY OPERATION & MAINTENANC-Insurance	75,451	70,520	(4,932)
82000 FACILITY OPERATION & MAINTENANC-Janitorial/Cleaning	56,125	152,850	96,725
82100 FACILITY OPERATION & MAINTENANC-Maintenance/Handy Work	25,871	0	(25,871)
82200 FACILITY OPERATION & MAINTENANC-Meal Staff Support	28,336	0	(28,336)
82500 FACILITY OPERATION & MAINTENANC-Maintenance Supplies	2,603	42,000	39,397
82600 FACILITY OPERATION & MAINTENANC- Food Service Supplies	483	0	(483)
83000 FACILITY OPERATION & MAINTENANC - Repairs & General Maintenance	22,815	51,696	28,881
83100 FACILITY OPERATION & MAINTENANC-Waste/Pest	10,634	0	(10,634)
83900 FACILITY OPERATION & MAINTENANC-Other Building Related	11,442	0	(11,442)
84100 FACILITY OPERATION & MAINTENANC-HVAC	25,400	0	(25,400)
84200 FACILITY OPERATION & MAINTENANC-Elevator	11,662	0	(11,662)
84300 FACILITY OPERATION & MAINTENANC-Fire Prevention	7,918	0	(7,918)
86000 FACILITY OPERATION & MAINTENANC-Security	49,200	48,046	(1,154)
86100 FACILITY OPERATION & MAINTENANC-Telephone	19,054	8,250	(10,804)
86150 FACILITY OPERATION & MAINTENANC-Internet	17,328	11,500	(5,828)
88000 FACILITY OPERATION & MAINTENANC-Depreciation	147,555	175,000	27,445
Total 80000 FACILITY OPERATION & MAINTENANC	1,245,872	1,291,650	45,778
90000 TUTOR EXPENSES			
91500 Tutor Expenses-Rent - Tutor House	116,903	127,800	10,897
91600 Tutor Expenses - Food	280	0	(280)
97000 Tutor Expenses-Utilities - Tutor House	22,275	27,008	4,732
97230 Tutor Expenses-Maintenance Expense/Supplies for Tutor House	0	2,500	2,500
97250 Tutor Expenses-Other Tutor Related	4,805	0	(4,805)

Great Oaks Charter School - Bridgeport Inc.
Budget vs. Actuals: FY25 P&L 24-12
July - December, 2024

	Total		Diff. (+ = Fav)
	Actual	Budget	
Total 90000 TUTOR EXPENSES	144,263	157,308	13,044
Total Expenses	5,623,325	5,710,443	87,118
Net Operating Income	221,069	60,922	160,147

Monday, Jan 13, 2025 05:14:17 PM GMT-8 - Accrual Basis

Great Oaks Charter School - Bridgeport Inc.

Balance Sheet

As of December 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
10000 Cash And Cash Equivalents	298.19
10100 Cash And Cash Equivalents-Chase Bank Operating Account	2,360,948.88
10200 Chase Bank - Reserve Account	288,322.37
1072 Bill.com Money Out Clearing	34,084.09
Food Service Account	18,377.31
Reserve Acct	0.00
Total Bank Accounts	\$2,702,030.84
Accounts Receivable	
11000 Accounts Receivable	376,728.80
11200 Accounts Receivable - Federal Funding	167,433.50
11210 Accounts Receivable - Federal CSP	0.00
11300 Accounts Receivable - Special Education	0.03
11400 Accounts Receivable - Food Service	0.00
11500 Accounts Receivable - Grants/Contributions	0.00
11900 Accounts Receivable - Other	0.00
Total Accounts Receivable	\$544,162.33
Other Current Assets	
12150 Due from GOF	0.00
13000 Accrued Revenue	29,248.00
14000 Prepaid Expenses	0.00
12200 Prepaid Expenses-Prepaid Insurance	28,038.99
14100 Prepaid Expenses-Prepaid Rent	0.00
14200 Prepaid Expenses	229,539.55
Total 14000 Prepaid Expenses	257,578.54
16500 Security Deposit	380,303.48
Inventory Asset-1	0.00
Uncategorized Asset	0.00
Total Other Current Assets	\$667,130.02
Total Current Assets	\$3,913,323.19
Fixed Assets	
15100 Furniture and Equipment-Classroom Furniture/Fixtures	508,245.77
15101 Furniture and Equipment-Accumulated Depreciation - Classroom Furniture/Fixtures	-474,641.96
15200 Furniture and Equipment-Office Equipment	19,586.62
15201 Furniture and Equipment-Accumulated Depreciation - Office Equipment	-27,615.63
15300 Furniture and Equipment-Computer Equipment	1,256,871.38
15301 Furniture and Equipment-Accumulated Depreciation - Computer Equipment	-1,155,752.82
15400 Furniture and Equipment-Telephone Equipment	84,686.46
15401 Furniture and Equipment-Accumulated Depreciation - Telephone Equipment	-84,686.46

Great Oaks Charter School - Bridgeport Inc.

Balance Sheet

As of December 31, 2024

	TOTAL
15500 Furniture and Equipment-Leasehold Improvements	491,372.12
15501 Furniture and Equipment-Accumulated Depreciation - Leasehold Improvements	-101,837.78
15600 Furniture and Equipment-Construction in Progress	0.00
15700 School Building	2,500,000.00
15701 Accumulated Depreciation - School Building	-757,367.76
15800 Furniture and Equipment-Software	157,116.40
15801 Furniture and Equipment-Accumulated Depreciation - Software	-142,213.65
Total Fixed Assets	\$2,273,762.69
Other Assets	
18500 ROU Asset	17,671,623.00
18501 ROU Asset - Finance	217,348.00
18600 Other Assets	0.00
18700 Security Deposits Asset	0.00
Total Other Assets	\$17,888,971.00
TOTAL ASSETS	\$24,076,056.88
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	181,069.75
Total Accounts Payable	\$181,069.75
Credit Cards	
23000 Chase- 6104	0.00
Total Credit Cards	\$0.00
Other Current Liabilities	
20100 Accrued Expenses	40,507.00
21100 Payroll Liabilities-Net Salary Due	0.00
21105 Retirement Contributions Payable	19,055.56
21110 Payroll Liability - FSA	0.00
21115 Payroll Liabilities- Other Insurance	0.00
21200 Payroll Liabilities-Payroll Tax Liability	0.00
21300 Payroll Liabilities - Accrued Payroll	336,721.60
22100 Refundable Advance-CSP Grant Refundable Advance	0.00
22200 Refundable Advance-Deferred Revenue	2,399,428.99
22250 Deferred Rent	0.00
28000 Short Term Loans	0.00
28100 Short Term Loans-Loan from Great Oaks Foundation	-0.49
29000 Due to Great Oaks Foundation	-154.16
29010 Due to Related Party	0.00
Total Other Current Liabilities	\$2,795,558.50
Total Current Liabilities	\$2,976,628.25

Great Oaks Charter School - Bridgeport Inc.

Balance Sheet

As of December 31, 2024

	TOTAL
Long-Term Liabilities	
28500 ROU Liability	18,528,198.00
28501 ROU Liability- Finance	218,306.00
29100 Loan Payable to Blue Hub	0.00
29150 PPP Loan	0.00
Total Long-Term Liabilities	\$18,746,504.00
Total Liabilities	\$21,723,132.25
Equity	
30000 Opening Balance Equity	0.00
31000 Unrestricted Net Assets	2,300,731.13
Net Income	52,193.50
Total Equity	\$2,352,924.63
TOTAL LIABILITIES AND EQUITY	\$24,076,056.88

Great Oaks Charter School - Bridgeport Inc.

Statement of Cash Flows

July 1, 2024 - January 15, 2025

	TOTAL
OPERATING ACTIVITIES	
Net Income	-290,231.51
Adjustments to reconcile Net Income to Net Cash provided by operations:	
11000 Accounts Receivable	253,738.36
11200 Accounts Receivable - Federal Funding	-167,433.50
12200 Prepaid Expenses:Prepaid Expenses-Prepaid Insurance	-28,038.99
13000 Accrued Revenue	134,627.00
14100 Prepaid Expenses:Prepaid Expenses-Prepaid Rent	-120,280.55
14200 Prepaid Expenses:Prepaid Expenses	-193,041.73
15101 Furniture and Equipment-Accumulated Depreciation - Classroom Furniture/Fixtures	12,884.93
15201 Furniture and Equipment-Accumulated Depreciation - Office Equipment	832.92
15301 Furniture and Equipment-Accumulated Depreciation - Computer Equipment	51,099.36
15401 Furniture and Equipment-Accumulated Depreciation - Telephone Equipment	0.00
15501 Furniture and Equipment-Accumulated Depreciation - Leasehold Improvements	12,114.67
15701 Accumulated Depreciation - School Building	65,789.46
15801 Furniture and Equipment-Accumulated Depreciation - Software	4,833.31
20000 Accounts Payable	-58,237.01
23000 Chase- 6104	-9,518.10
21105 Retirement Contributions Payable	12,107.77
22200 Refundable Advance-Deferred Revenue	2,399,428.99
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	2,370,906.89
Net cash provided by operating activities	\$2,080,675.38
INVESTING ACTIVITIES	
15300 Furniture and EquipmentComputer Equipment	-50,354.67
15500 Furniture and Equipment-Leasehold Improvements	-15,559.00
Net cash provided by investing activities	\$ -65,913.67
NET CASH INCREASE FOR PERIOD	\$2,014,761.71
Cash at beginning of period	193,557.54
CASH AT END OF PERIOD	\$2,208,319.25